



Government of Canada

Gouvernement du Canada



Prepared by the Receiver General for Canada

# Public Accounts of Canada



Volume I

**Summary Report and Financial Statements** 



Canada

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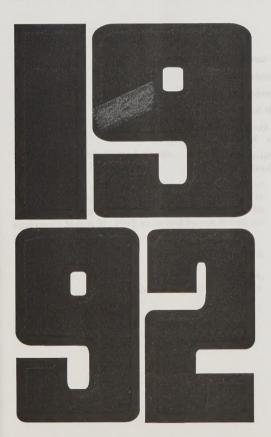


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# Public Accounts of Canada



Volume I

**Summary Report and Financial Statements** 

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To His Excellency

The Right Honourable Ramon John Hnatyshyn, P.C., C.C., C.M.M., C.D., Governor General and Commander-in-Chief of Canada.

MAY IT PLEASE YOUR EXCELLENCY:

The undersigned has the honour to present to Your Excellency the Public Accounts of Canada for the year ended March 31, 1992.

All of which is respectfully submitted.

Gilles Loiselle, President of the Treasury Board.

OTTAWA, NOVEMBER 30, 1992

To The Honourable Gilles Loiselle, President of the Treasury Board.

In accordance with the provisions of Section 64(1) of the Financial Administration Act, I have the honour to transmit herewith the Public Accounts of Canada for the year ended March 31, 1992, to be laid by you before the House of Commons.

Respectfully submitted,

Paul Dick, Receiver General for Canada.

To The Honourable Paul Dick, Receiver General for Canada.

Sir:

I have the honour to submit the Public Accounts of Canada for the year ended March 31, 1992.

Under Section 64(1) of the Financial Administration Act, the Public Accounts for each fiscal year shall be prepared by the Receiver General and shall be laid before the House of Commons by the President of the Treasury Board on or before the thirty-first day of December next following the end of that year, or if the House of Commons is not then sitting, within the first fifteen days next thereafter that the House of Commons is sitting.

This annual report is presented in two volumes:

Volume I—A financial overview and a ten-year summary of the Government's financial transactions; the financial statements of Canada on which the Auditor General has expressed an opinion; the observations by the Auditor General on the financial statements of Canada; analyses of budgetary revenue and expenditure, and of asset and liability accounts; and various other statements.

Volume II—Details of the financial operations of the Government, segregated by ministry (Part I); and additional information and analyses (Part II).

Volume III of the Public Accounts has been replaced by a separate report entitled President of the Treasury Board's Annual Report to Parliament on Crown Corporations and Other Corporate Interests of Canada.

The audited financial statements contained in Volume I are for the year ended March 31, 1992.

Respectfully submitted,

Nick Mulder, Deputy Receiver General for Canada.

OTTAWA, NOVEMBER 30, 1992

OTTAWA, NOVEMBER 30, 1992

To His Excellent

The Right Henourable Issues John Hustyalis P.C., C.C., C.M.M., C.D., Governor General and Commender on Third of County

MAY IT PLEASE YOUR EXCELLENCY

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All of which is respectfully submitted

Colles Loiselle.

Fresident of the Treasury Board.

DYTAWA, NOVEMBER, 30, 1903

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Respectfully submitted.

Part Dick

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## volume 1

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#### Introduction

- Financial Overview and Supplementary Financial Information
- Audited Financial Statements of the Government of Canada
- 3. Budgetary Revenue
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#### INTRODUCTION TO THE PUBLIC ACCOUNTS

#### **Nature of the Public Accounts**

The Public Accounts is the report of the Government of Canada prepared each fiscal year by the Receiver General as required by Section 64 of the Financial Administration Act.

The report covers the fiscal year of the Government, which ends on March 31, and is prepared from data contained in the accounts of Canada and from more detailed records maintained in departments and agencies. The accounts of Canada is the centralized record of the Government's financial transactions maintained by the Receiver General in which the transactions of all departments and agencies are summarized. Each department and agency is responsible for reconciling its accounts to the control accounts of the Receiver General, and for maintaining detailed records of the transactions in their accounts.

The report covers the financial transactions of the Government during the year. In certain cases, parliamentary authority to undertake transactions was provided by legislation approved in earlier years.

#### Format of the Public Accounts

The Public Accounts is produced in two volumes.

**Volume I** presents a summary analysis of the financial transactions of the Government. Its content is summarized as follows:

SECTION 1: financial overview and a ten-year summary of the Government's financial transactions;

SECTION 2: audited financial statements of the Government of Canada;

SECTION 3: review of budgetary revenue;

SECTION 4: review of budgetary expenditure;

SECTION 5: analysis of consolidated accounts;

SECTION 6: analysis of loans, investments and advances;

SECTION 7: analysis of specified purpose accounts;

SECTION 8: analysis of other liabilities;

SECTION 9: analysis of foreign exchange accounts;

SECTION 10: analysis of unmatured debt; and,

SECTION 11: analysis of other information related to the financial statements.

Volume II is published in two parts. Part I presents the financial operations of the Government, segregated by ministry while Part II presents additional information and analyses.

#### (a) PART I

Part I is designed to reflect as closely as possible the form and content of Part II of the Main Estimates. Most tables and statements in Part I display the source and disposition of spending authorities. The content of Part I is summarized as follows:

#### (i) Summary Tables (Section 1)

Section 1 includes tables which provide summaries of the financial operations contained in the ministerial sections. It also includes, as appendices, the full wording of all authorities granted in current year Appropriation Acts, of all authorities granted by statutes other than Appropriation Acts, of all non-lapsing authorities granted/repealed in the current year, and of all authorities available from previous years.

#### (ii) Ministerial Sections (Sections 2 to 30)

There is one section for each ministry. The programs for the departments and agencies for which a Minister is responsible to Parliament are grouped together to provide a total ministry presentation. Each ministerial section provides a statement of program objectives and activity descriptions. Each ministerial section also includes, where applicable, a uniform set of statements to present each ministry's financial operations. These statements are:

#### • Ministry Summary

This statement displays by program the source and disposition of each budgetary and nonbudgetary authority granted by Parliament in Appropriation Acts and other statutes.

#### • Programs by Activity

This statement displays by program the source and disposition of authorities for each activity under each type of expenditure (operating, capital, transfer payments and non-budgetary).

#### • Transfer Payments

This statement displays by program the source and disposition of authorities for each transfer payment.

• Details of Amounts Credited to the Vote

This statement displays by program the nature of revenues and receipts which increase the amounts which may be spent from appropriations having net voting authority.

#### • Revenue

This statement displays by program the nature of revenue collected for each main classification of revenue.

#### (b) PART II

Part II presents additional information and analyses. The content of Part II is summarized as follows:

- financial statements of revolving funds (Section 1);
- financial statements of departmental corporations and other entities (Section 2);

- supplementary information required by the Financial Administration Act (Section 3);
- accounts receivable (Section 4);
- professional and special services (Section 5);
- construction and/or acquisition of land, buildings, works, machinery and equipment (Section 6);
- transfer payments (Section 7);
- public debt charges (Section 8);
- payments of damage claims, ex gratia payments, Federal Court awards and nugatory payments (Section 9);
- federal-provincial shared-cost programs (Section 10);
- other Government-wide information (Section 11); and,
- other miscellaneous information (Section 12).

**Volume III** of the Public Accounts has been replaced by a separate document entitled President of the Treasury Board's Annual Report to Parliament on Crown Corporations and Other Corporate Interests of Canada.



## section 1

1991-92 PUBLIC ACCOUNTS

### Financial Overview and Supplementary Financial Information

#### CONTENTS

1991-92—The year in retrospect	
The deficit and net debt	
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#### 1991-92 - THE YEAR IN RETROSPECT

This section provides an overview of the financial operations of the Government of Canada. The financial statements are set out in summary form, with comparative figures for the previous ten years. The financial transactions are presented in accordance with the accounting policies explained in Note 1 to the audited financial statements in Section 2 of this volume.

#### The Deficit and Net Debt

The 1990-1991 recession put substantial upward pressure on the deficit in both 1990-91 and 1991-92, as real gross domestic product declined in both 1990 and 1991. The fall in real output, with its accompanying decline in employment and higher unemployment resulted in dampening the increase in revenues and higher unemployment insurance benefit payments. In addition, the fiscal situation was further affected in 1991-92 by transitional costs associated with the replacement of the manufacturers' sales tax with the Goods and Services Tax (GST). Although the increase in the deficit in 1990-91 was largely contained, the deficit for fiscal year 1991-92 increased by \$4.0 billion to \$34.6 billion. Budgetary revenue advanced by only 2.2% in 1991-92, less than half the growth witnessed in 1990-91. Program spending increased by 7.5%, with half of the increase attributable to increased unemployment insurance benefits. In contrast, public debt charges declined 3.1%. reflecting the decline in interest rates. With the deficit increasing in 1991-92, coupled with virtually no growth in nominal gross domestic product (GDP) - nominal GDP advanced by only 1.0% in 1991 - the deficit, as a percentage of the economy, stood at 5.1%, up from 4.6% recorded in 1990-91, but still well below the peak of 8.7% recorded in 1984-85.

With the deficit of \$34.6 billion in 1991-92, the accumulated deficit, or net debt, stood at \$423.1 billion as of March 31, 1992. As a percentage of GDP, the net debt stood at 62.7%, the highest level in the postwar period.

Table 1.1 sets out the deficit and net debt over the last ten fiscal years, both in absolute terms and as a percentage of GDP; figures for GDP relate to the calendar years ending in those years. Chart A compares the rate of growth of net debt with the rate of growth of GDP for the last ten fiscal years.

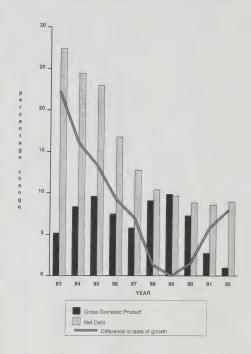
TABLE 1.1

DEFICIT AND NET DEBT
(in millions of dollars)

Year ended March 31	Budgetary deficit	% of Gross Domestic Product	Net debt	% of Gross Domestic Product
1983	29,029	7.8	134,918	36.0
1984	32,917	8.1	167,835	41.4
1985	38,512	8.7	206,347	46.4
1986	34,583	7.2	240,930	50.4
1987	30,733	6.1	271,663	53.7
1988	28,201	5.1	299,864	54.4
1989	28,951	4.8	328,815	54.3
1990	28,996	4.5	357,811	55.0
1991	30,618	4.6	388,429	58.2
1992	34,643	5.1	423,072	62.7

#### CHART A

#### GROSS DOMESTIC PRODUCT AND NET DEBT



Budgetary revenue in 1991-92 amounted to \$122.0 billion, up 2.2% from the level reported in 1990-91. The growth in budgetary revenue was affected by a number of factors, including the impact of the recession on the applicable tax bases, the transition from the federal manufacturers' sales tax to the Goods and Services Tax, and policy actions to maintain the financial integrity of the Unemployment Insurance Account. The recession has had the most pronounced effect on corporate income tax collections, which declined 20.2% from 1990-91 levels. The transitional costs associated with the replacement of the federal manufacturers' sales tax by the Goods and Services Tax (GST) also served to dampen the growth in budgetary revenue. The impact of these factors was partially offset by increases in unemployment insurance premium contributions, primarily due to increases in premium rates, and higher personal income tax collections.

Personal income tax revenue, the largest component of budgetary revenues, increased by 6.3% in 1991-92, down from the increase of 11.0% recorded in 1990-91. The increase in collections in 1991-92 was largely related to technical factors rather than increases in the applicable tax bases. The replacement of the manufacturers' sales tax by the GST also resulted in the replacement of the federal sales tax credit, which was claimed at the time of tax filing and netted against personal income taxes otherwise payable, by the enhanced payment of the quarterly low-income GST Credit, which is netted against GST collections. Recoveries in fiscal year 1991-92 for overpayments to the Provincial Tax Collection Agreements Account for both 1990 and 1991 and to the Unemployment Insurance Account also served to increase personal income tax revenues in 1991-92. Personal incomes were up only 3% in 1991 compared to an increase of 7.5% in 1990. Declines in employment and lower inflation dampened increases in employment income, while lower interest rates resulted in a decline in investment income. The full impact of these economic developments was not fully reflected in 1991-92 personal income tax collections, given the lags in collections and the payment of refunds.

Corporation income tax revenue declined by 20.2% in 1991-92 from a year earlier. This marks the second consecutive year in which corporate income tax collections have declined. Rising unit labour costs and weakening demand have left corporate profit margins at their lowest levels since the 1981-82 recession. Corporate profits have declined steadily since the fourth quarter of 1988 and by the end of 1991 were nearly 65% below their pre-recession peak. The decline in corporate income tax revenue has been proportionally less than the cumulative decline in corporate profits, owing in part to the impact of the base-broadening measures introduced as part of the 1988 Income Tax Reform as well as the introduction in the April 1989 budget of the Large Corporations Tax.

Excise taxes and duties include the federal manufacturers' sales tax, the GST which replaced the manufacturers' sales tax on January 1, 1991, customs import duties, energy taxes, and other excise taxes and duties. Excise taxes and duties declined during the year by 3.5%, reflecting the transitional costs associated with sales tax reform, primarily the rebating of sales tax paid on new and unused goods in inventory as of December 31, 1990, the one-time payment of the small business transitional grant, and the netting of the low-income GST Credit against GST collections.

In 1991-92, the first full fiscal year of implementation, net GST revenues amounted to \$15,168 million. These collections are net of the low-income GST Credit and rebates to the municipal governments, hospitals and schools and refunds. The impact of the recession on consumer demand and the phase-out of tariffs under the Canada-United States Free Trade Agreement resulted in lower revenues in the other components of excise taxes and duties.

In contrast, unemployment insurance contributions increased by 21.1% in 1991-92. This increase was attributable to the increases in maximum insurable earnings, effective at the beginning of each calendar year, coupled with the July 1, 1991 and January 1, 1992 increases in premium rates.

Total net budgetary expenditure in 1991-92 amounted to \$156.7 billion. This represents an increase of 4.5% from the level of \$150.0 billion reported in 1990-91. Most of the increase in expenditures between 1990-91 and 1991-92, was concentrated in three major components - transfers to persons, transfers to other levels of government, and other major transfers. In contrast, declines were recorded in Crown corporations expenditures, other government expenditures --primarily in the operations of government -- and public debt charges.

Public debt charges declined by 3.1% in 1991-92. This is the first year since the mid-1950s that public debt charges have recorded a year-to-year decline. The decline in public debt charges reflects the impact of lower interest rates, which have accompanied the reduction in inflation. Interest rates peaked in May 1990 and have recorded significant declines thereafter. The impact of the decline in interest rates more than offsets the increase in gross unmatured debt.

Total program spending - that is, government spending excluding public debt charges - advanced 7.5%. The increase in program spending primarily reflects the impact of the recession on the cyclically-sensitive components of program spending, especially unemployment insurance benefits, cash transfers under Established Programs Financing, and Canada Assistance Plan transfers. Significantly dampening the impact of these factors on program spending was the effect of the various restraint measures that the Government had introduced with the implementation of the Expenditure Control Plan. Fiscal year 1991-92 was the second year of the Expenditure Control Plan. This Plan is a comprehensive approach to expenditure control, and effectively controls about 60% of all government spending on programs. The major programs exempt from the Plan include federal transfers to persons (elderly benefits, veterans' pensions and allowances, and unemployment insurance benefits) and certain major federal transfers to provinces (Equalization and Canada Assistance Plan transfers to equalization-receiving provinces).

The largest component of program spending --- transfers to persons --- advanced by 13.5% in 1991-92, primarily attributable to the large increase in unemployment insurance benefits as a result of the recession. Unemployment insurance benefits were up 23.6%. Elderly benefit payments were up 7.4%, reflecting increases in both average benefits, which are indexed to quarterly changes in the consumer price index, and the eligible population base. The indexation factor in 1991-92 was affected by the one-time price impact associated with the introduction of the Goods and Services Tax on January 1, 1991.

Direct cash transfers to other levels of government increased by 7.4% between 1990-91 and 1991-92. The major factor contributing to this increase was higher cash transfers to provinces under the Established Programs Financing (EPF) program, as the weakness in revenue growth in 1991-92 lowered the value of the tax point transfer. Transfers under the Canada Assistance Plan advanced 5.4% in 1991-92. Under the Canada Assistance Plan, the federal government provides funds to provinces and territories to help them pay for certain social

assistance benefits and services. Under the Expenditure Control Plan, the growth in these transfers to Ontario, Alberta, and British Columbia are capped at 5% per year. Fiscal arrangements increased by 6.9% in 1991-92.

Other transfer payments increased by 20.4%, due primarily to increased payments for agricultural support, in the face of low world grain prices resulting from the international grain dispute between the United States and the European Economic Community. Increases were also recorded in grants and contributions to Indian and Inuit peoples and in assistance to developing countries. Crown corporations expenditures declined 9.4% from 1990-91. The lower payments in 1991-92 primarily reflected reduced transfers to the CBC, VIA Rail and Canada Post Corporation, due to the impact of past restraint and restructuring measures.

Other program expenditures include defence spending on operations and equipment, as well as government administration and specific services delivered to the public. Other program expenditures declined by 2.2% in 1991-92. Excluding defence, which increased by 1.2% in 1991-92, non-defence operating spending declined 4.3%. Spending remained restrained in 1991-92 due to the ongoing restraint measures introduced in past budgets and specific reduction initiatives undertaken in 1991-92. In the February 1991 budget, the government announced that departmental non-wage and capital operating budgets would be frozen for 1991-92 and that departmental operating budgets would not be adjusted for any increase in wage costs resulting from newly negotiated collective agreements in 1991-92. To effect the latter decision, legislation was passed in the Fall of 1991 to freeze all federal government employees' wages for the first year in any new contract and to limit the increase in the second year to a maximum of 3%. In addition, layers of management were eliminated and the number of executives in the federal public service reduced by 10%. Legislation to bring federal pension legislation into compliance with the Income Tax Act and address some long-standing fairness issues has received Royal Assent. In addition, this Act puts federal public service pension plans on a fully-funded basis, consistent with private sector plans. Until the passage of this Act, the federal government incurred expenditures to cover indexing costs. With the passage of the Act, existing and future pension benefits are to be fully funded as they are earned, including the indexation costs. As a result, the government will no longer be making separate payments to cover shortfalls in indexation costs.

On June 18, 1992, Royal Assent was given to the Debt Servicing and Reduction Account and the Spending Control Act. Net revenues collected from the GST by law must go to the Debt Servicing and Reduction Account to help pay for the cost of servicing the public debt and ultimately to reduce the debt. In addition, net proceeds from the sale of the government's share in Crown corporations and gifts to the Crown are deposited in this Account. During 1991-92, the net amount transferred into the Account was \$15,171 million. Net GST revenues amounted to \$15,168 million, while net proceeds from the sales of shares in Crown corporations amounted to \$2.5 million. In 1991-92, gifts to the Crown totalled \$389,000. For more details, see Section 2 in this volume.

Table 1.2 sets out the levels and changes in revenues, expenditures and the deficit over the last ten years.

TABLE 1.2

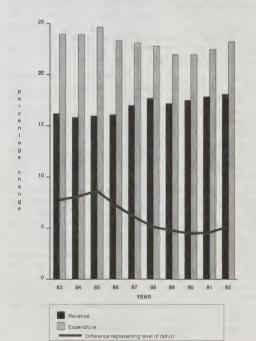
REVENUE, EXPENDITURE AND THE DEFICIT (in millions of dollars)

V	D	% change over preceding	T Views	% change over preceding	D.C.:
Year ended March 31	Revenue	year	Expenditure	year	Deficit
1983	60,662	0.6	89,691	18.2	29,029
1984	64,168	5.8	97,085	8.2	32,917
1985	71,056	10.7	109,568	12.9	38,512
1986	76,933	8.3	111,516	1.8	34,583
1987	85,931	11.7	116,664	4.6	30,733
1988	97,612	13.6	125,813	7.7	28,201
1989	104,067	6.6	133,018	5.8	28,951
1990	113,707	9.3	142,703	7.3	28,996
1991	119,353	5.0	149,971	5.1	30,618
1992	122,032	2.2	156,675	4.5	34,643

Chart B compares the levels of revenue and expenditure, expressed as a percentage of GDP over the last ten years and shows the trend in the deficit over that period.

#### CHART B

### REVENUE AND EXPENDITURE AS A PERCENTAGE OF GROSS DOMESTIC PRODUCT



The Spending Control Act imposes legislated limits on the amount of federal government spending over the five-year period 1991-92 to 1995-96 inclusive. The legislated spending limits are based on the spending projections contained in the February 1991 budget. Adjustments are made to exclude spending related to public debt charges, major self-financing programs (Unemployment Insurance Act and federal advances to the Farm Income Protection Act), expenditures made as a result of emergencies, expenditures related to events occurring prior to April 1991, and losses on the sale or disposal of shares in Crown corporations.

The spending limit for 1991-92, as specified under the Act, was \$97.2 billion. Spending during the course of 1991-92 subject to the Spending Control Act amounted to \$95.8 billion -- \$1.4 billion below the spending limit for the year (See Section 2 for more details). The lower spending was largely attributable to discretionary actions undertaken during the course of 1991-92 to contain the growth in the deficit.

#### Factors affecting Financial Requirements

The government's net financial requirements reflect not only the difference between budgetary revenue and expenditure, but also the net result of funds generated by non-budgetary and foreign exchange transactions. Non-budgetary transactions in 1991-92 amounted to \$2.8 billion, down \$3.2 billion from 1990-91. Financial requirements, excluding foreign exchange transactions, therefore, amounted to \$31.8 million. As a percentage of GDP, financial requirements, excluding foreign exchange transactions, were 4.8% in 1991-92.

Foreign exchange transactions resulted in a net source of funds of \$0.9 billion, compared to a net requirement of \$4.9 billion during 1990-91. Foreign exchange transactions are primarily directed towards promoting orderly conditions in the Canadian dollar exchange market. As a result, total financial requirements amounted to \$30.9 billion, up \$1.4 billion from the 1990-91 requirement. Unmatured debt transactions amounted to \$29.1 billion in 1991-92, down \$1.4 billion from 1990-91. Cash balances at March 31, 1992 stood at \$0.8 billion, down \$1.8 billion from March 31, 1991.

#### **TABLE 1.3**

#### FINANCIAL REQUIREMENTS

(in millions of dollars)

			Financ	ial requireme	nts
Year ended March 31	Budgetary deficit	Non- budgetary transactions	Excluding foreign exchange transactions	Foreign exchange transactions	Including foreign exchange transaction
1983	-29.029	5.210	-23.819	-640	-24,459
1984	-32,917	7,698	-25,219	414	-24,805
1985	-38,512	8,688	-29,824	2,423	-27,401
1986	-34,583	4,073	-30,510	5,626	-24,884
1987	-30,733	7,815	-22,918	-6,390	-29,308
1988	-28,201	9,352	-18,849	-7,149	-25,998
1989	-28,951	6,527	-22,424	-5,730	-28,154
1990	-28,996	8,466	-20,530	-697	-21,227
1991	-30,618	6,080	-24,538	-4,895	-29,433
1992	-34,643	2,843	-31,800	941	-30,859

Source/requirement (-)

**TABLE 1.4** 

#### NON-BUDGETARY TRANSACTIONS

(in millions of dollars)

Year ended March 31	Loans, investments and advances	Specified purpose accounts	Other non-budgetary transactions	Total non-budgetary transactions
1983	-107	3,291	2,026	5,210
1984	-270	4,566	3,402	7,698
1985	709	5,100	2,879	8,688
1986	41	5,186	-1,154	4,073
1987	1,386	5,328	1,101	7,815
1988	1,509	6,766	1,077	9,352
1989	1,088	4,886	553	6,527
1990	1,050	6,418	998	8,466
1991	430	4,917	733	6,080
1992	-184	5,633	-2,606	2,843

Source/requirement (-)

#### SUPPLEMENTARY FINANCIAL INFORMATION

This part provides a ten year comparative summary of the Government's financial transactions, both on the Public Accounts basis and on the National Accounts basis. The Public Accounts presentation reflects the accounting policies explained in Note 1 to the audited financial statements in Section 2 of this volume. The National Accounts presentation is designed primarily to facilitate economic analysis of the federal Government sector on a basis consistent with that used in measuring income and expenditure flows in the economy.

#### **TABLE 1.5**

GOVERNMENT OF CANADA
PUBLIC ACCOUNTS PRESENTATION
SUMMARY STATEMENT OF TRANSACTIONS (1)
in millions of dollars)

#### Public Accounts Presentation

The "Summary Statement of Transactions" (Table 1.5) provides aggregate data on the major categories of transactions under four main headings: budgetary, non-budgetary, foreign exchange and unmatured debt. The resulting cash position at the end of each year is also shown.

					Year end	ed March 3	1			
	1983	1984	1985	1986	1987	1988	1989	1990	1991	1992
I. Budgetary transactions										
A. Revenue, Table 1.6	60,662	64,168	71,056	76,933	85,931	97,612	104,067	113,707	119,353	122,032
B. Expenditure, Table 1.7	-89,691	-97,085	-109,568	-111,516	-116,664	-125,813	-133,018	-142,703	-149,971	-156,675
Deficit	-29,029	-32,917	-38,512	-34,583	-30,733	-28,201	-28,951	-28,996	-30,618	-34,643
II. Non-budgetary transactions, Table 1.9										
A. Loans, investments and advances	-107	-270	709	41	1,386	1,509	1,088	1,050	430	-184
B. Specified purpose accounts	3,291	4,566	5,100	5,186	5,328	6,766	4,886	6,418	4,917	5,633
C. Other transactions	2,026	3,402	2,879	-1,154	1,101	1,077	553	998	733	-2,606
Net source	5,210	7,698	8,688	4,073	7,815	9,352	6,527	8,466	6,080	2,843
Financial requirements (excluding foreign exchange transactions) <sup>(3)</sup>	-23,819	-25,219	-29,824	-30,510	-22,918	-18,849	-22,424	-20,530	-24,538	-31,800
III. Foreign exchange transactions <sup>(2)</sup> , Table 1.10	-640	414	2,423	5,626	-6,390	-7,149	-5,730	-697	-4,895	941
Total financial requirements(3)	-24,459	24,805	-27,401	-24,884	-29,308	-25,998	-28,154	-21,227	-29,433	-30,859
IV. Unmatured debt transactions <sup>(2)</sup> , Table 1.10	22,418	26,638	26,847	23,770	29,182	22,913	28,454	20,906	30,490	29,064
Change in cash <sup>(4)</sup>	-2,041	1,833	-554	-1,114	-126	-3,085	300	-321	1,057	-1,795
V. Cash balance at end of year, Table 1.10	4,579	6,412	5,858	4,744	4,618	1,533	1,833	1,512	2,569	774

<sup>&#</sup>x27;Details can be found in other sections of this volume.

<sup>(1)</sup> Consistent with the Statement of Transactions in Section 2 of this volume.

<sup>(2)</sup> The change in unmatured debt payable in foreign currencies, -\$1,082 million in 1991-92 (-\$1,149 million in 1990-91), has been included as part of foreign exchange transactions.

<sup>(3)</sup> Cash requirements (-)

<sup>(4)</sup> Cash decrease (-)

TABLE 1.6

# GOVERNMENT OF CANADA PUBLIC ACCOUNTS PRESENTATION DETAILED STATEMENT OF REVENUE TRANSACTIONS

					Year ende	d March 3	1			
	1983	1984	1985	1986	1987	1988	1989	1990	1991	1992
. Budgetary transactions										
A. REVENUE, Section 3										
Tax revenue—										
Income tax—										
Personal	26,330	26,967	29,254	33,008	37,878	45,125	46,026	51,895	57,601	61,222
Corporation	7,139	7,286	9,379	9,210	9,885	10,878	11,730	13,021	11,726	9,359
Unemployment insurance contributions	4,900	7,259	7,553	8,719	9,558	10,425	11,268	10,738	12,707	15,394
Non-resident	998	908	1,021	1,053	1,355	1,162	1,578	1,361	1,372	1,261
	39,367	42,420	47,207	51,990	58,676	67,590	70,602	77,015	83,406	87,236
Excise taxes and duties—										
Goods and services tax									2,574	15,168
Sales tax	5,842	6,561	7,592	9,345	11,972	12,927	15,645	17,672	12,635	-1,969
Customs import duties	2,828	3,376	3,794	3,971	4,187	4,385	4,521	4,587	4,001	3,999
Other	1,959	2,110	2,312	2,827	2,925	3,026	2,959	3,425	3,711	4,557
	10,629	12,047	13,698	16,143	19,084	20,338	23,125	25,684	22,921	21,755
Energy taxes—										
Excise tax—Gasoline	408	386	404	729	1,279	2,286	2,174	2,154	2,928	3,138
Petroleum and gas revenue tax	1,960	2,106	2,563	2,037	473	-75	105	57	-1	3
Excise tax—Aviation gas and diesel fuel				41	213	385	369	260	265	300
Natural gas and gas liquids tax	1.264	524	-15	-15	1		-1			
Oil export charges	626	347	677	327		1				
charge	889	805	850	229	-1	6	-1			
Ü	5.147	4.168	4.479	3.348	1.965	2,603	2,646	2,471	3.192	3,441
	15.776	16.215	18.177	19.491	21.049	22,941	25,771	28.155	26.113	25,196
Other tax revenue	132	126	107	126	144	207	265	226	279	273
Total tax revenue	55,275	58,761	65,491	71,607	79,869	90,738	96,638	105,396	109,798	112,705
	- 55,275	20,701	05,471	71,007	77,007	70,750	70,030		100,100	112,700
Non-tax revenue—										
Return on investments—  Bank of Canada	1.885	1,713	1,858	1,856	1,971	1,871	1,938	2,239	2,809	1,844
Canada Mortgage and Housing Corporation	892	941	913	892	866	853	845	822	772	754
Farm Credit Corporation	361	424	463	386	354	326	301	239	230	215
Exchange Fund Account	435	345	224	-505	366	752	1,658	1,661	2.258	2,900
Interest on bank deposits	433	395	243	278	219	279	256	278	285	192
Other return on investments	622	448	597	754	479	656	549	611	453	1,161
	4,628	4,266	4,298	3.661	4,255	4.737	5 547	5.850	6.807	7.066
Other non-tax revenue	759	1,141	1,267	1,665	1,807	2,137	1,882	2,461	2,748	2,261
Total non-tax revenue	5,387	5,407	5,565	5,326	6,062	6,874	7,429	8,311	9,555	9,327
Total net revenue	60,662	64,168	71,056	76,933	85,931	97,612	104,067	113,707	119,353	122.032
		31,100	7.1,000	,0,555	00,001				,	,

**TABLE 1.7** 

# GOVERNMENT OF CANADA PUBLIC ACCOUNTS PRESENTATION DETAILED STATEMENT OF EXPENDITURE TRANSACTIONS

					Year ende	ed March 3	1			
	1983	1984	1985	1986	1987	1988	1988	1990	1991	1992
I. Budgetary transactions										
B. EXPENDITURE, Section 4										
Transfer payments—										
To persons—										
Old age security benefits, guaranteed income										
supplements and spouses' allowances	9,643	10,406	11,418	12,525	13,445	14,349	15,202	16,154	17,131	18,393
Unemployment insurance benefits	9,823	9,782	10,052	10,036	10,444	10,487	10,972	11,694	14,665	18,126
Family allowances	2,231	2,326	2,418	2,501	2,534	2,564	2,606	2,653	2,736	2,821
Other	1,270	1,177	1,323	1,525	1,393	1,510	1,596	1,543	1,406	1,434
	22,967	23,691	25,211	26,587	27,816	28,910	30,376	32,044	35,938	40,774
To other levels of Government-										
Fiscal arrangements	5,597	5,977	5,985	5,941	6,302	7,007	8,127	8,653	8,280	8,854
Insurance and medical care services	4,060	5,564	6,330	6,400	6,607	6,558	6,678	6,663	6,033	6,689
Canada Assistance Plan	2,832	3,288	3,745	3,916	4,051	4,246	4,556	5,006	5,788	6,099
Education support	1,532	2,065	2,265	2,277	2,232	2,242	2,227	2,166	1,862	2,142
Other	1,082	1,228	1,548	1,725	1,461	1,949	2,495	2,643	2,327	2,300
	15,103	18,122	19,873	20,259	20,653	22,002	24,083	25,131	24,290	26,084
Other transfer payments	9,356	12,329	14,330	12,903	13,192	14,982	14,496	13,789	12,560	15,125
	47,426	54,142	59,414	59,749	61,661	65,894	68,955	70,964	72,788	81,983
Crown corporations expenditures	6,841	4,835	6,232	4,493	4,987	4,855	5,763	5,292	5,852	5,301
Operating and capital expenditures—										
National Defence	6.599	7,488	8,416	8,691	9,518	10.257	10,434	10.859	10.816	10,948
All other departments and agencies	11,922	12,543	13,051	13,142	13,840	15,779	14,697	16,768	17,978	17,212
	18,521	20,031	21,467	21,833	23,358	26,036	25,131	27,627	28,794	28,160
Total program spending	72,788	79,008	87,113	86,075	90,006	96.785	99,849	103,883	107,434	115,444
Public debt charges	16,903	18,077	22,455	25,441	26,658	29,028	33,169	38,820	42,537	41,231
Total net expenditure	89,691	97,085	109,568	111,516	116,664	125,813	133,018	142,703	149,971	156,675

**TABLE 1.8** 

# GOVERNMENT OF CANADA PUBLIC ACCOUNTS PRESENTATION COMPARATIVE STATEMENT OF FINANCIAL ASSETS AND LIABILITIES

					Year ende	ed March 3	1			
	1983	1984	1985	1986	1987	1988	1989	1990	1991	1992
FINANCIAL ASSETS										
LOANS, INVESTMENTS AND ADVANCES										
Enterprise Crown corporations	22,340	21,852	21,135	21,252	20,422	18,972	18,238	17,678	17,428	18,150
Less: allowance for valuation	3,760	3,700	3,800	3,700	3,800	3,400	4,200	3,500	3,600	3,800
	18,580	18,152	17,335	17,552	16,622	15,572	14,038	14,178	13,828	14,350
Other	12,856	14,317	15,024	15,166	14,610	14,251	14,497	13,507	13,527	13,65
Less: allowance for valuation	6,488	7,251	7,850	8,250	8,150	8,250	8,050	8,250	8,350	8,820
	6,368	7,066	7,174	6,916	6,460	6,001	6,447	5,257	5,177	4,839
Total Net Loans, Investments and Advances	24,948	25,218	24,509	24,468	23,082	21,573	20,485	19,435	19,005	19,189
FOREIGN EXCHANGE ACCOUNTS										
International reserves held in the Exchange Fund										
Account	4,636	3,623	4,211	3,459	8,212	14,779	17,422	15,393	19,066	17,148
International Monetary Fund—Subscriptions	2,716	3,995	3,985	4,670	4,936	5,038	4,534	4,474	4,565	4,79
Less: International Monetary Fund-Notes payable										
and Special Drawing Rights allocations	3,323	4,302	4,332	5,151	5,580	5,815	5,186	5,045	5,063	5,40
Total Net Foreign Exchange Accounts	4,029	3,316	3,864	2,978	7,568	14,002	16,770	14,822	18,568	16,54
ACCOUNTS RECEIVABLE	1,514	1,447	1,516	1,590	1,711	1,838	2,157	2,421	3,165	4,208
CASH IN TRANSIT	2,565	1,876	1,882	1,693	1,468	2,322	2,087	2,035	2,196	2,90
CASH	4,579	6,412	5,858	4,744	4,618	1,533	1,833	1,512	2,569	774
TOTAL FINANCIAL ASSETS	37,635	38,269	37,629	35,473	38,447	41,268	43,332	40,225	45,503	43,613
ACCUMULATED DEFICIT	134,918	167,835	206,347	240,930	271,663	299,864	328,815	357,811	388,429	423,072
TOTAL	172,553	206,104	243,976	276,403	310,110	341,132	372,147	398,036	433,932	466,690
LIABILITIES										
SPECIFIED PURPOSE ACCOUNTS										
Canada Pension Plan Account (net)	1,173	1.307	1,502	1,773	1,978	2,284	2,540	2,962	3,459	3,18
Superannuation accounts (net)	34,143	38,009	42,312	46,994	51,992	57,417	63,241	69,626	74,839	80,73
Government Annuities Account	1,150	1,124	1,095	1,060	1,024	987	948	907	864	82
Deposit and trust accounts	839	1,099	1,353	1,776	1,795	1,747	1,221	1,156	1,114	1,10
Provincial tax collection agreements										
account	1,031	1,308	1,617	1,390	1,447	2,497	1,766	1,398	585	344
Other	354	409	477	549	634	704	806	891	996	1,310
Total Specified Purpose Accounts	38,690	43,256	48,356	53,542	58,870	65,636	70,522	76,940	81,857	87,490
OTHER LIABILITIES	17,301	19,947	22,901	21,632	22,629	24,687	25,324	26,534	28,172	27,315
UNMATURED DEBT										
Payable in Canadian currency	110,177	136,815	163,662	187,432	216,614	239,527	267,981	288,887	319,377	348,441
Payable in foreign currencies	6,385	6,086	9,057	13,797	11,997	11,282	8,320	5,675	4,526	3,444
Total Unmatured Debt	116,562	142.901	172,719	201,229	228,611	250,809	276,301	294,562	323,903	351,885
Total Chimatarea Devi										

#### PUBLIC ACCOUNTS, 1991-92

**TABLE 1.9** 

## GOVERNMENT OF CANADA PUBLIC ACCOUNTS PRESENTATION

DETAILED STATEMENT OF NON-BUDGETARY TRANSACTIONS

(in millions of dollars)

					Year ende	d March 3	1			
	1983	1984	1985	1986	1987	1988	1989	1990	1991	199
II. Non-budgetary transactions										
A. LOANS, INVESTMENTS AND ADVANCES,										
Section 6										
Enterprise Crown corporations—										
Lending institutions—										
Canada Deposit Insurance Corporation	60	140	-40	-895	-268	-131	-361	320	150	-56
Canada Mortgage and Housing Corporation	-30	194	364	195	254	234	273	201	194	6.
Export Development Corporation	-40	-5	39	64	49	55	25	-75	-16	
Farm Credit Corporation	-394	-379	172	214	591	-179	230	104	-82	-15
Federal Business Development Bank	145	172	157	119	93	51				-10
	-259	122	692	-303	719	30	167	550	246	-66
All other enterprise Crown corporations—										
Canadian National Railway Company	-41	-62	2	9	352	29	12	12	13	13
Other	304	428	23	177	-241	1,391	555	-2	-9	-73
	263	366	25	186	111	1,420	567	10	4	-58
All Committee in	1.523	-60	100	-100	100	-400	800	-700	100	200
Allowance for valuation	-,									
Other leans investments and advances	1,527	428	817	-217	930	1,050	1,534	-140	350	-522
Other loans, investments and advances—	-41	35	67	110	89	37	20	-140	0.6	116
Provincial and territorial governments			67				28		86	118
National governments including developing countries	-273	-167 -335	-172 -378	-142	124 46	81	132	696	19	-59
International organizations (subscriptions less notes).	-213	-333	-3/8	-220	40	15	-24	-70	-37	-105
Veteran's Land Act Fund advances less allowance	20	21	22	21	26	2.4	20	177	10	4.
for conditional benefits	28	31	32	31	26	24	20	17	13	14
Joint and mixed enterprises	-1,396	-653	-93	-61	237	319	36	362		
Miscellaneous	-527	-372	-163	140	34	-117	-438	125	-101	-100
	-2,422	-1,461	-707	-142	556	359	-246	990	-20	-132
Allowance for valuation	788	763	599	400	-100	100	-200	200	100	470
	-1,634	-698	-108	258	456	459	-446	1,190	80	338
Total loans, investments and advances after allowance	100	270	700	4.1	1 200	4 500	1.000		400	
for valuation	-107	-270	709	41	1,386	1,509	1,088	1,050	430	-184
B. SPECIFIED PURPOSE ACCOUNTS, Section 7 Liability accounts—										
Canada Pension Plan Account	148	134	195	271	205	306	256	422	497	-278
Superannuation accounts	3,987	3,865	4,303	4,682	4,998	5,425	5,825	6,385	5,211	5,892
Government Annuities Account	-22	-26	-29	-35	-36	-37	-39	-41	-43	-43
Deposit and trust accounts	-482	260	254	423	19	-47	-526	-65	-42	-11
Provincial tax collection agreements account	-384	277	309	-227	57	1,050	-731	-368	-813	-241
Other	44	56	68	72	85	69	101	85	107	314
Total specified purpose accounts	3,291	4,566	5,100	5,186	5,328	6,766	4,886	6,418	4,917	5,633
C. OTHER TRANSACTIONS, Sections 8 and 11										
Accounts receivable	62	67	-69	-74	-121	-127	-319	-264	-744	-1,043
Cash in transit	-736	689	-6	189	225	-854	235	52	-161	-706
Other liabilities	2,700	2,646	2,954	-1,269	997	2,058	637	1,210	1,638	-857
	2,026	3,402	2.879	-1,154	1,101	1,077	553	998	733	-2,606
Total other transactions	2,020	3,402	2,079	-1,134	1,101	1,0//	333	998	/33	-2,000
let non-budgetary transactions after allowance	5,210	7,698	8,688	4,073	7,815	9,352	6,527	8,466	6,080	2,843
for valuation	5,210	7,070	0,000	1,075	7,010	7,004	0,021	0,100	0,000	2,043
ummary—										
Net non-budgetary transactions before allowance	2.000	£ 00#	E 000	0.000	2015	0.650	£ 005			
for valuation	2,899	6,995	7,989	3,773	7,815	9,652	5,927	8,966	5,880	2,173
Allowance for valuation	2,311	703	699	300		-300	600	-500	200	670
Net non-budgetary transactions after allowance	5.210				7.815	9.352				
		7.698	8.688	4.073			6.527			2,843

Source/requirement (-)

**TABLE 1.10** 

# GOVERNMENT OF CANADA PUBLIC ACCOUNTS PRESENTATION DETAILED STATEMENT OF FOREIGN EXCHANGE, UNMATURED DEBT AND CASH TRANSACTIONS (in millions of dollars)

					Year ende	d March 3	1			
	1983	1984	1985	1986	1987	1988	1989	1990	1991	1992
III. Foreign exchange transactions, Section 9 International reserves held in the Exchange Fund										
Account	-1,613 64	1,013 -1,279	-588 10	752 685	-4,753 -266	-6,567 -102	-2,643 504	2,029 60	-3,673 -91	1,918 -232
	-1,549	-266	-578	67	-5,019	-6,669	-2,139	2,089	-3,764	1,686
Less: International Monetary Fund—Notes payable  Special Drawing Rights allocations	44 24	-961 -18	-32 2	-637 -182	-359 -70	-208 -27	495 134	126 15	5 -23	275 62
	68	-979	-30	-819	-429	-235	629	141	-18	-337
Unmatured debt transactions payable in foreign currencies	977	-299	2,971	4,740	-1,800	-715	-2,962	-2,645	-1,149	-1,082
Total foreign exchange transactions	-640	414	2,423	5,626	-6,390	-7,149	-5,730	-697	-4,895	941
IV. Unmatured debt transactions, Section 10	4.000	7.001	12.270	15 504	12.227	0.000	10.000	10.000	15.004	14205
Marketable bonds  Canada savings bonds  Special non-marketable bonds issued to the Canada	4,989 7,663	7,281 5,563	12,379 3,756	15,584 2,285	13,337 64	9,928 9,014	10,899 -5,567	10,689 -6,827	15,294 -6,485	14,395 1,154
Pension Plan Investment Fund Treasury bills	17 9,750	18 12,575	16 10,600	240 9,650	1,351 15,000	696 4,100	513 21,650	67 15,850	420 20,600	9 13,150
Notes and loans  Canada bills	863	1,085	2,987	861	-2,823 1,045	-1,171	-2,015 86	-1,734 315	-163 -438	-7 -1,008
	23,282	26,522	29,738	28,620	27,974	22,567	25,566	18,360	29,228	27,693
Less: Government's holdings of unmatured debt-										
Marketable bonds  Canada savings bonds held on account of	-110	172	-122	137	-175	141	10	107	-58	-132
employees	-3	11	42	-27	36	11	10	-36	19	-57
Plan Unmatured debt transactions payable in foreign					731	217	54	28	-74	-100
currencies	977 864	-299 -116	2,971 2,891	4,740 4,850	-1,800 -1,208	-715 -346	-2,962 -2,888	-2,645 -2,546	-1,149 -1,262	-1,082 -1,371
Total unmatured debt transactions payable in Canadian currency	22,418	26,638	26,847	23,770	29,182	22,913	28,454	20,906	30,490	29,064
V. Cash balance at end of year, Section 11										
In Canadian currency In foreign currencies	4,193 386	6,329 83	5,779 79	4,566 178	4,479 139	1,381 152	1,708 125	1,369 143	2,459 110	677 97
Total cash balance	4,579	6,412	5,858	4,744	4,618	1.533	1.833	1,512	2,569	774

Source/requirement (-)

#### **TABLE 1.11**

## GOVERNMENT OF CANADA PUBLIC ACCOUNTS PRESENTATION

#### DETAILED STATEMENT OF TRANSACTIONS—CERTAIN SPECIFIED PURPOSE ACCOUNTS

					Year ende	d March 3	1			
	1983	1984	1985	1986	1997	1988	1989	1990	1991	1992
CANADA PENSION PLAN ACCOUNT										
Receipts										
Employer and employee contributions	3,446	3,716	3,879	4,495	4,976	5,583	6,248	7,278	7,969	8,391
Investment income	2,236	2,534	2,889	3,162	3,404	3,669	3,913	4,182	4,410	4,463
Disbursements—										
Pensions	-3,036	-3,657	-4,224	-4,887	-5,722	-7,329	-8,445	-9,473	-10,541	-11,793
Administration expenses	-85	-89	-100	-111	-140	-135	-133	-145	-163	-134
Net	2,561	2,504	2,444	2,659	2,518	1,788	1,583	1,842	1,675	927
Investments—Securities in Investment Fund	-2,413	-2,370	-2,249	-2,388	-2,313	-1,482	-1,327	-1,420	-1,178	-1,205
Total (net) Canada Pension Plan Account	148	134	195	271	205	306	256	422	497	-278
SUPERANNUATION ACCOUNTS										
Public Service Superannuation Account—										
Receipts—										
Government contribution	339	349	373	391	398	427	434	426	478	621
Employee contributions	339	362	379	384	410	415	406	456	483	558
Public Service corporations—Employer and										
employee contributions	232	239	246	246	242	240	248	253	252	305
Interest	981	1,261	1,616	1,993	2,445	2,775	3,075	3,392	3,745	4,593
Actuarial liability adjustment	267									506
Other	21	21	21	25	31	31	33	42	43	48
Disbursements—										
Annuities	-523	-576	-647	-740	-835	-931	-1,037	-1,142	-1,247	-2,164
Other	-45	-42	-49	-65	-77	-116	-159	-118	-107	-114
Transfer from the Supplementary Retirement Benefits										
Account										4,395
Change in unamortized portion of actuarial deficiency	301	481	356	244	53					
Net	1,912	2,095	2,295	2,478	2,667	2,841	3,000	3,309	3,647	8,748
Canadian Forces Superannuation Account—										
Receipts—										
Government contribution	183	200	212	223	233	247	255	270	288	401
Employee contributions	105	113	120	125	131	139	142	151	161	188
Interest	755	933	1,125	1,350	1,546	1,782	1,968	2,161	2,370	2,726
Actuarial liability adjustment	286	20		2	2					
Other	2	2	2	2	3	2	3	4	4	4
Disbursements—	-315	-336	-363	-394	-426	-459	-499	-544	-586	-1.113
Annuities Other	-12	-10	-13	-16	-17	-20	-25	-344	-31	-1,113
Transfer from the Supplementary Retirement Benefits	-12	-10	-13	210	-1/	-20	-23	-51	-31	-20
Account										1,207
Change in unamortized portion of actuarial deficiency	20	239	203	152	62	4		-1	-2	-2
Net	1,024	1,161	1.286	1,442	1,532	1,695	1,844	2,010	2,204	3,385
Royal Canadian Mounted Police Superannuation Account—	1,024	1,101	1,200	1,772	1,004	1,093	1,044	2,010	2,204	3,303
Receipts—										
Government contribution	61	65	67	68	72	82	99	71	93	105
Employee contributions	31	34	34	34	37	40	41	43	47	60
Interest	103	127	157	196	237	271	307	349	393	478
Actuarial liability adjustment	5			****				517	5,5	1,0
Disbursements—										
Annuities	-19	-21	-24	-27	-33	-40	-48	-59	-68	-96
Other	-2	-2	-2	-2	-3	-2	-2	-2	3	-2
Transfer from the Supplementary Retirement Benefits										
Account										328
Change in unamortized portion of actuarial deficiency	17	22	19	11	1					
Net	196	225	251	280	311	351	397	402	462	873

**TABLE 1.11** 

## GOVERNMENT OF CANADA PUBLIC ACCOUNTS PRESENTATION

### DETAILED STATEMENT OF TRANSACTIONS—CERTAIN SPECIFIED PURPOSE ACCOUNTS—Concluded (in millions of dollars)

	Year ended March 31									
	1983	1984	1985	1986	1997	1988	1989	1990	1991	1992
Members of Parlement Retiring Allowance Account—										
Receipts—										
Government contribution	2	2	2	2	2	2	2	2	2	2
Members' contributions	2	2	2	2	2	2	2	2	2	2
Interest	2	2	2	2	3	3	3	3	3	3
Actuarial liability adjustment										158
Disbursements—										
Annuities	-2	-3	5	-4	-4	-5	-7	-6	-6	-7
Transfer from the Supplementary Retirement Benefits										
Account										10
Net	4	3	1	2	3	2		1	1	168
Members of Parlement Retirement Compensation										
Arrangements Account—										
Receipts—										
Government contribution										3
Net										3
Supplementary Retirement Benefits Account—										
Receipts—										
Government contribution	81	94	100	103	111	115	115	130	139	1
Employee contributions	87	94	100	103	111	115	115	129	139	1
Public Service corporations—Employer and	0,	- '	100	100		110	110	127	137	,
employee contributions	43	45	46	47	45	48	50	52	52	
Other	180	185	260	268	273	332	398	471	610	3
Disbursements—	100	100	200	200	2,3	352	370	77.1	010	
Annuities	-31	-27	-25	-27	-37	-53	-71	-94	-118	
Transfer to other superannuation accounts (1)					5,	55	, ,	, ,	110	-5,940
Other	_9	-10	-11	-14	-18	-21	-23	-25	-25	-5,540
Net	351	381	470	480	485	536	584	663	797	-5,935
-										
A 11	3,487	3,865	4,303	4,682	4,998	5,425	5,825	6,385	7,111	7,242
Allowance for the actuarial liability for	500								1.000	1 250
employee pensions	500								-1,900	-1,350
Total (net) superannuation accounts	3,987	3,865	4,303	4,682	4,998	5,425	5,825	6,385	5,211	5,892

Source/requirement (-)

<sup>(1)</sup> As at April 1, 1991 the balances in the Supplementary Retirement Benefits Account for the Public Service, the Canadian Forces and the Royal Canadian Mounted Police were transferred to their respective superannuation account in accordance with the pensions reform Act Bill C-55 which received Royal Assent September 29, 1992.

#### National Accounts Presentation

The National Income and Expenditure Accounts were developed as a basis for economic analysis of income and expenditure flows in the economy. The concepts and definitions applied to the Government sector are consistent with those applied to other sectors and follow international practices developed under the aegis of the United Nations. The economic nature of a transaction is the determining factor in its classification within the National Accounts framework.

In 1991-92, the National Accounts deficit increased by \$1,805 million or 6.9% from the 1990-91 level. This reflects a 5.9% increase in revenue and a 6.1% increase in expenditure.

TABLE 1.12

GOVERNMENT OF CANADA

NATIONAL ACCOUNTS PRESENTATION

DETAILED STATEMENT OF REVENUE AND EXPENDITURE TRANSACTIONS
(in millions of dollars)

	Year ended March 31									
	1983	1984	1985	1986	1987	1988	1989	1990	1991	1992
I. National Accounts transactions <sup>(1)</sup>										
A. REVENUE—										
Direct taxes—										
Persons	33,213	35,715	37,893	44,218	50,110	56,688	58,871	65,349	74,741	78,960
Corporations	9,292	10,049	11,354	11,418	10,357	11,968	12,671	12,355	10,806	9,227
Non-residents	1,116	1,051	1,170	1,192	1,448	1,418	1,808	1,421	1,610	1,254
Total direct taxes	43,621	46,815	50,417	56,828	61,915	70,074	73,350	79,125	87,157	89,441
Indirect taxes	16,863	16,789	18,719	18,708	21,812	24,254	26,362	29,138	27,325	32,600
Other current transfers from persons	15	16	18	24	23	25	28	32	36	32
Investment income	4,913	6,567	7,256	7,933	8,067	9,023	10,410	11,491	12,685	12,652
Capital consumption allowances	1,008	1,077	1,176	1,255	1,303	1,354	1,455	1,570	1,674	1,792
Total revenue	66,420	71,264	77,586	84,748	93,120	104,730	111,605	121,356	128,877	136,517
B. EXPENDITURE—										
Current goods and services—										
Defence	6,896	7,560	8,447	9,203	9,505	10,226	10,618	11,092	11,766	11,496
Non-defence	12,283	12,603	13,314	14,115	14,600	14,803	15,633	17,462	18,373	19,624
Total current goods and services	19,179	20,163	21,761	23,318	24,105	25,029	26,251	28,554	30,139	31,120
Transfer payments to persons	25,989	28,254	30,440	31,809	33,570	34,799	36,418	38,915	43,907	50,786
Subsidies	5,915	5,825	7,804	5,206	5,405	6,347	5,569	4,952	5,672	7,354
Capital assistance	3,373	3,239	3,452	2,716	2,414	1,792	1,580	1,589	1,487	1,243
Current transfers to non-residents	1,072	1,282	1,541	1,537	1,904	2,262	2,471	2,950	2,325	2,649
Interest on the public debt	16,821	17,900	22,116	25,102	26,385	28,680	32,885	38,570	42,319	41,020
Transfers to provinces	15,902	18,316	20,120	20,269	20,959	22,781	23,953	25,211	25,931	26,864
Transfers to local governments	345	528	503	488	523	653	702	884	882	891
Gross capital formation	1,310	1,714	2,433	2,175	1,944	1,897	2,218	2,258	2,261	2,441
Total expenditure	89,906	97,221	110,170	112,620	117,209	124,240	132,047	143,883	154,923	164,368
Deficit	-23,486	-25,957	-32,584	-27,872	-24,089	-19,510	-20,442	-22,527	-26,046	-27,851

<sup>(1)</sup> These "National Accounts transactions" are consistent with those released by Statistics Canada on August 31, 1992.

#### Public Accounts and National Accounts Reconciliation

The reconciliation of transactions between the Public Accounts and National Accounts is set out in the table that follows. The major factors which give rise to the need for a reconciliation are listed below.

The deficits of Government business enterprises which are outside the Government accounting entity are, for Public Accounts presentation purposes, met through budgetary appropriations and are thus recorded as budgetary expenditure. In the National Accounts presentation, these deficits are netted against Government investment income.

Revenue in the Public Accounts is recorded on a cash basis with the exception of the non-tax revenue. While the major portion of National Accounts revenue is accounted for on a cash basis, certain items, such as corporate income taxes and the oil export charges, are reported on an accrual basis. This difference also results in a different treatment of the acceleration of source deductions and sales and excise taxes by large firms.

Transactions of employee pension accounts are treated as non-budgetary in the Public Accounts, although the Government's contributions to, and interest payments on, these accounts are included in expenditure. Employer and employee contributions to these accounts, plus any related interest income, form part of Government revenue in the National Accounts presentation, and pension payments form part of Government expenditure.

In the Public Accounts presentation, the purchase of capital assets such as buildings and machinery is recorded as a budgetary expenditure in the year of acquisition. Only newly produced capital assets and capital expenditures are included in National Accounts expenditure. The National Accounts also ignore the sale of capital assets as such sales are not deemed to give rise to production. Both Government revenue and expenditure include an allowance for the depreciation of capital assets in the National Accounts termed "Capital consumption allowance". This item is not a part of Public Accounts reporting.

Both the Public Accounts and the National Accounts include the financial activities of the Consolidated Crown corporations. However, the inclusions are not identical.

**TABLE 1.13** 

#### GOVERNMENT OF CANADA PUBLIC ACCOUNTS AND NATIONAL ACCOUNTS RECONCILIATION

	Year ended March 31									
	1983	1984	1985	1986	1987	1988	1989	1990	1991	1992
Budgetary revenue—Public Accounts	60,662	64,168	71,056	76,933	85,931	97,612	104,067	113,707	119,353	122,032
Reconciling items—										
Government pension receipts	4,508	4,965	5,528	6,070	6,548	7,176	7,756	8,523	9,440	9,902
Corporate income tax—Excess of accruals										
over collections	. 910	520	-458	-138	-58	1,428	941	-686	-920	-132
Capital consumption allowances	1,008	1,077	1,176	1,255	1,303	1,354	1,455	1,570	1,674	1,792
Petroleum compensation charge <sup>(1)</sup>	2,852	1,833	2,291	690				-1	3	
Non-tax revenue <sup>(2)</sup>	-580	-656	-835	-989	-968	-1,260	-1,190	-1,316	-1,276	-1,344
Deficits of Government business enterprises	-1,208	-1,088	-1,104	-933	-938	-937	-907	-991	-726	-689
Goods and Services Tax									1,735	4,276
Miscellaneous <sup>(3)</sup>	-1,732	445	-68	1,860	1,302	-643	-517	550	-406	680
Total revenue—National Accounts	66,420	71,264	77,586	84,748	93,120	104,730	111,605	121,356	128,877	136,517
Budgetary expenditure—Public Accounts	89,691	97,085	109,568	111,516	116,664	125,813	133,018	142,703	149,971	156,675
Reconciling items—										
Government pension payments	961	1,029	1,139	1,285	1,437	1,600	1,801	1,978	2,073	2,132
Net expenditure of funds and agencies <sup>(4)</sup>	1,245	1,403	1,457	1,442	1,568	1,555	1,344	1,726	1,246	1,296
Capital consumption allowances	1,008	1,077	1,176	1,255	1,303	1,354	1,455	1,570	1,674	1,792
Petroleum compensation program <sup>(5)</sup>	2,746	1,763	2,238	1,133	6	60				
Non-tax revenue <sup>(6)</sup>	-580	-656	-835	-989	-968	-1,260	-1,190	-1,316	-1,276	-1.344
Deficits of Government business enterprises	-1,208	-1,088	-1,104	-933	-938	-937	-907	-991	-726	-689
Budgetary transfers to funds and agencies	-927	-1,232	-1,526	-1,273	-1,213	-1,336	-1,335	-1,265	-1.063	-1.123
Goods and Services Tax- Transfer and Subsidies									726	3,158
Miscellaneous <sup>(7)</sup>	-3,030	-2,160	-1,943	-816	-650	-2,609	-2,139	-522	2,298	2,471
Total expenditure—National Accounts	89,906	97,221	110,170	112,620	117,209	124,240	132,047	143,883	154,923	164,368

In the Public Accounts, the petroleum compensation charge is netted against petroleum compensation payments and included in budgetary expenditure. Gross revenues and payments are recorded in the National Accounts.

Various items of non-tax revenue, such as service fees and proceeds from the sale of current goods, which are reported as revenue in the Public Accounts, are netted to expenditure in the National Accounts. Major items under miscellaneous include adjustments for proceeds from the sale of used capital assets, air transportation tax, imputed items, the treatment of revenue in

the supplementary accounting period after March 31, and the treatment of the acceleration of source deductions and sales and excise taxes by large firms. In the National Accounts, budgetary appropriations to various funds and agencies are replaced by net actual expenditures of the funds and agencies.

This item represents the difference between the gross payments recorded on the National Accounts basis and net payments recorded on the Public Accounts basis. (6) Various non-tax revenues, such as service fees and proceeds from the sale of current goods, which are reported as revenue in the Public Accounts, are netted to expenditure in the National Accounts.

Major items under miscellaneous include adjustments for reserves and write-offs, provision for the valuation of assets and liabilities, purchase of used capital assets, imputed items, and the treatment of expenditure in the supplementary accounting period after March 31.

## section 2

1991-92 PUBLIC ACCOUNTS

### Audited Financial Statements of the Government of Canada

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# PREFACE TO THE AUDITED FINANCIAL STATEMENTS OF THE GOVERNMENT OF CANADA

The fundamental purpose of the financial statements is to provide information to Parliament, and thus to the public, to facilitate an understanding and evaluation of the full nature and extent of the financial affairs and resources for which the Government is responsible. The basic financial statements reflect the financial position of the Government at the reporting date, as well as its results of operations, financial requirements and changes in financial position for the year. In 1991-92, two supplementary statements report transactions under the Spending Control Act and the Debt Servicing and Reduction Account Act.

The two fundamental concepts underlying the Government's accounting system are found in the Constitution Acts: first, that all duties and revenues received, other than those reserved to the provinces, "shall form One Consolidated Revenue Fund"; second, that the balance of the Fund, after certain prior charges, "shall be appropriated by the Parliament of Canada".

The basic financial statements consist of five statements and accompanying notes.

The first statement is the Statement of Transactions, which shows the extent to which cash going out from the Government exceeded cash coming in (financial requirements), and the resulting net new borrowing. The financial transactions are classified into the following categories:

- Budgetary transactions are all transactions with outside parties which enter into the calculation of the annual deficit or surplus of the Government, that is, tax and non-tax revenue, together with expenditures.
- Non-budgetary transactions are all transactions in loans, investments and advances, in liabilities for the administration of certain public money received or collected for special purposes, and in all other liabilities, other than those related to foreign exchange and unmatured debt.
- Foreign exchange transactions are all transactions in international reserves held in the Exchange Fund Account (the principal objective of which is to aid in the control and protection of the external value of the Canadian dollar), accounting for the net position of the Government with respect to the International Monetary Fund, and unmatured debt payable in foreign currencies.
- Unmatured debt transactions show increases or decreases in unmatured debt, that is, the net change in amounts owing for marketable bonds, Canada savings bonds, special non-marketable bonds issued to the Canada Pension Plan Investment Fund and Treasury bills. They exclude unmatured debt payable in foreign currencies.

The second statement is the Statement of Accumulated Deficit, which reflects the net accumulation of annual deficits and surpluses since Confederation.

The third statement is the Statement of Revenue and Expenditure, which presents the Government's revenue and expenditure (results of operations) for the year.

The fourth statement is the Statement of Assets and Liabilities. This statement discloses the Government's cash balances and investments, and amounts owing to and by the Government at the end of the year. It differs in some ways from a conventional private sector balance sheet. Two major differences concern items that are not reported on this statement: fixed assets, having been accounted for as expenditures, and tax revenues receivable since tax revenues are reported on a cash basis. The difference, therefore, between total assets and total liabilities is simply the aggregate of annual budgetary deficits and surpluses determined in accordance with the accounting policies of the Government.

The fifth statement is the Statement of Changes in Financial Position, which provides information on the Government's cash requirements for operating and investing activities, and how these activities were financed.

In addition to the basic financial statements, two supplementary statements provide details of transactions under the Spending Control Act and the Debt Servicing and Reduction Account Act. The Spending Control Act deals with limiting program spending for the period from 1991-92 to 1995-96 inclusive to the levels projected in the February 1991 Budget. The Debt Servicing and Reduction Account Act calls for certain revenues including the Goods and Services Tax (GST) to be used to service the public debt and not to fund new program spending.

Other sections in this volume, together with Volume II of the Public Accounts are designed to provide more detailed supplementary information in respect of matters reported in the financial statements. Audited financial statements of Crown corporations which were formerly contained in Volume III of the Public Accounts, are now reported in the President of the Treasury Board's Annual Report to Parliament on Crown Corporations and Other Corporate Interests of Canada. The opinion of the Auditor General on the financial statements does not extend to this supplementary information or to the Annual Report to Parliament on Crown Corporations.

#### STATEMENT OF RESPONSIBILITY

The basic and supplementary financial statements in this section were prepared by the Government of Canada in accordance with the accounting policies set out in Note 1 to the statements and on a basis consistent with that of the preceding year.

Responsibility for the integrity and objectivity of the financial statements rests with the Government. The financial statements are prepared under the joint direction of the President of the Treasury Board, the Minister of Finance, and the Receiver General for Canada, in compliance with governing legislation. The financial statements are generally prepared on an accrual basis of accounting; a notable exception is that tax revenues are reported on a cash basis. Furthermore, fixed assets are charged to budgetary expenditure at the time of acquisition or construction. The information included in these financial statements is based on the Government's best estimates and judgement, with due consideration given to materiality.

To fulfill its accounting and reporting responsibilities, the Government maintains systems of financial management and internal control which give due consideration to costs, benefits and risks, and which are designed to provide reasonable assurance that transactions are properly authorized by Parliament, are executed in accordance with prescribed regulations, and are properly recorded so as to maintain accountability of public money and safeguard the assets and properties of Canada under Government administration. The Receiver General for Canada maintains the accounts of Canada, a centralized record of the Government's financial transactions, and obtains additional information as required, from departments, agencies and Crown corporations, to meet accounting and reporting requirements.

The Auditor General of Canada provides an independent opinion on the financial statements prepared by the Government as presented in Section 2 of Volume I. The duties of the Auditor General in that respect are contained in section 6 of the Auditor General Act, section 8 of the Spending Control Act and section 9 of the Debt Servicing and Reduction Account Act. Additional information is provided in the observations at the end of this section.

Annually, the financial statements are tabled in Parliament as part of the Public Accounts, and are referred to the Standing Committee on Public Accounts, which reports to Parliament on the results of its examination together with any recommendations it may have with respect to the financial statements and accompanying audit opinion.

On behalf of the Government of Canada.

J.A. MACDONALD

Comptroller General of Canada

DAVID A. DODGE Deputy Minister of Finance NICK MULDER Deputy Receiver General for Canada

#### GOVERNMENT OF CANADA

#### Statement of Transactions for the Year Ended March 31, 1992

(in millions of dollars)

	1992	1991
BUDGETARY TRANSACTIONS		
Revenue	122,032	119,353
Expenditure	-156,675	-149,971
Deficit for the year	-34,643	-30,618
NON-BUDGETARY TRANSACTIONS		
Net requirement (-) or net source from loans, investments and advances	-184	430
Net source from specified purpose accounts	5,633	4,917
Net requirement (-) or net source from other transactions	-2,606	733
Net source	2,843	6,080
Financial requirements (excluding foreign exchange transactions)	-31,800	-24,538
NET SOURCE OR NET REQUIREMENT (-) FROM FOREIGN EXCHANGE TRANSACTIONS (1)	941	-4,895
Total financial requirements	-30,859	-29,433
NET INCREASE IN UNMATURED DEBT TRANSACTIONS (1)	29,064	30,490
Decrease (-) or increase in cash	-1,795	1,057
CASH BALANCE AT BEGINNING OF YEAR	2,569	1,512
CASH BALANCE AT END OF YEAR	774	2,569

The accompanying notes are an integral part of this statement.

#### GOVERNMENT OF CANADA

#### Statement of Accumulated Deficit for the Year Ended March 31, 1992

(in millions of dollars)

	1992	1991
ACCUMULATED DEFICIT, BEGINNING OF YEAR	388,429	357,811
Deficit for the year	34,643	30,618
ACCUMULATED DEFICIT, END OF YEAR (Note 7) <	423,072	388,429

The accompanying notes are an integral part of this statement.

Details (unaudited) can be found in other sections of this volume.

Details (unaudited) can be found in other sections of this volume.

(1) Change in unmatured debt payable in foreign currencies, \$1,082 million in 1992 (-\$1,149 million in 1991), has been included as part of foreign exchange transactions.

#### GOVERNMENT OF CANADA

# Statement of Revenue and Expenditure for the Year Ended March 31, 1992

(in millions of dollars)

		1992		1991
	Gross <sup>(1)</sup>	Net (1)	Gross <sup>(1)</sup>	Net <sup>(1)</sup>
REVENUE (Note 4)—				
TAX REVENUE				
Income tax—				
Personal	61,222	61,222	57,601	57,60
Corporation	9,359	9,359	11,726	11,726
Unemployment insurance contributions	15,394	15,394	12,707	12,70
Non-resident	1,261	1.261	1.372	1,37
	87,236	87,236	83,406	83,40
Excise taxes and duties—	,	,	00,100	00,70
Goods and services tax	15,168	15,168	2,574	2.57
Sales tax and excise taxes	6,516	6,029	20,027	19,53
Customs import duties	3,999	3,999	4,001	4,00
Customs import duties	25,683	25,196	26,602	26,113
Other tax revenue	273	273	279	279
Other tax revenue	113,192	112,705	110,287	109,798
NON TAV BEVENUE	110,172	110,700	110,207	102,720
NON-TAX REVENUE	7.167	7.066		
Return on investments	7,167	7,066	6,857	6,807
Other non-tax revenue	5,404 12,571	2,261 <b>9,327</b>	5,568	2,748
	12,3/1	9,327	12,425	9,555
TOTAL REVENUE	125,763	122,032	122,712	119,353
EXPENDITURE—				
TRANSFER PAYMENTS—				
To persons—				
Old age security benefits, guaranteed income supplements	10.202	10.000	17.101	
and spouses' allowances	18,393	18,393	17,131	17,131
Unemployment insurance benefits	18,126	18,126	14,665	14,665
Family allowances	2,821	2,821	2,736	2,736
Other	1,434	1,434	1,406	1,406
	40,774	40,774	35,938	35,938
To other levels of government—				
Fiscal arrangements	8,854	8,854	8,280	8,280
Insurance and medical care services	6,689	6,689	6,033	6,033
Canada Assistance Plan	6,099	6,099	5,788	5,788
Education support	2,142	2,142	1,862	1,862
Other	2,300	2,300	2,327	2,327
	26,084	26,084	24,290	24,290
Other transfer payments	15,125	15,125	12,560	12,560
TOTAL TRANSFER PAYMENTS (Note 5)	81,983	81,983	72,788	72,788
Crown corporations expenditures (Notes 5 and 8)	6,398	5,301	6,714	5,852
Other program expenditures—	11,286	10,948	11,163	10,816
National Defence	19,508	17,212	20,128	17,978
All other departments and agencies				
All other departments and agencies		28,160	31,291	28,794
All other departments and agencies	30,794			
	30,794 41,231	41,231	42,537	42,537
TOTAL OTHER PROGRAM EXPENDITURES (Note 5)	· · · · · · · · · · · · · · · · · · ·		42,537 153,330	42,537 149,971

The accompanying notes are an integral part of this statement.

Details (unaudited) can be found in other sections of this volume.

(1) The difference between Gross and Net is revenue credited to appropriations and revenue of consolidated Crown corporations.

# **GOVERNMENT OF CANADA**

# Statement of Assets and Liabilities as at March 31, 1992

(in millions of dollars)

	1992	1991
FINANCIAL ASSETS		
LOANS, INVESTMENTS AND ADVANCES—		
Enterprise Crown corporations (Notes 8 and 15)—		
Lending institutions—		
Canada Deposit Insurance Corporation	1.785	1,225
Canada Mortgage and Housing Corporation	8,444	8,509
Export Development Corporation	788	788
Farm Credit Corporation	3,609	3,450
Federal Business Development Bank	304	294
	14,930	14,266
All other enterprise Crown corporations—		
Canadian National Railway Company	2,412	2,427
Other	808	735
	3,220	3,162
Less: allowance for valuation	3,800	3,600
Total enterprise Crown corporations	14,350	13,828
Other loans, investments and advances—	14,550	15,020
Provincial and territorial governments	819	937
National governments including developing countries (Note 9)	3,535	3,476
International organizations (Note 9)	5,179	4,898
Less: notes payable	2,253	2,077
Less, notes payable	2,926	2,821
Veterans' Land Act Fund advances less allowance for conditional	2,920	2,021
benefits	47	61
Joint and mixed enterprises	7/	01
Petro-Canada	4,299	4.299
Other	162	162
	4,461	4.461
Miscellaneous	1,871	
Miscellaneous		1,771
	13,659	13,527
Less: allowance for valuation	8,820	8,350
Total other loans, investments and advances	4,839	5,177
TOTAL LOANS, INVESTMENTS AND ADVANCES	19,189	19,005
FOREIGN EXCHANGE ACCOUNTS—		
International reserves held in the Exchange Fund Account (Note 10)	17,148	19.066
International Monetary Fund—Subscriptions	4,797	
International Monetary Puliu—Subscriptions		4,565
	21,945	23,631
Less: International Monetary Fund—Notes payable	4,129	3,854
Special Drawing Rights allocations	1,271	1,209
	5,400	5,063
TOTAL FOREIGN EXCHANGE ACCOUNTS	16,545	18,568
ACCOUNTS RECEIVABLE (net of allowance for doubtful accounts of \$1,776 (\$1,508 in 1991))	4,208	3,165
CASH IN TRANSIT	2,902	2,196
CASH	774	2,569
TOTAL FINANCIAL ASSETS	43,618	45,503
	,	
ACCUMULATED DEFICIT (Note 7)	423,072	388,429
TOTAL	466,690	433,932

	1992	1991
LIABILITIES		
SPECIFIED PURPOSE ACCOUNTS—	12.045	
Canada Pension Plan Account (Note 11)  Less: securities held by the Canada Pension	42,047	41,120
Plan Investment Fund	38,866 3.181	37,661 3,459
Superannuation accounts (Note 12)	80.731	74,839
Government Annuities Account	821	74,835
Deposit and trust accounts	1.103	1.114
Provincial tax collection agreements account	344	585
Other	1,310	996
TOTAL SPECIFIED PURPOSE ACCOUNTS	87,490	81,857
OTHER LIABILITIES—		
Interest and matured debt	10,513	10,345
Less: unamortized discount on Canada and Treasury bills	3,326	4,302
	7,187	6,043
Accounts payable	10,899	10.523
Outstanding cheques and warrants	2,695	4,022
Allowance for employee benefits	3,050	3,950
Allowance for borrowings of agent enterprise Crown corporations expected	5,000	5,550
to be repaid by the Government—		
Borrowings of agent enterprise Crown corporations (Note 8)	18,578	17.877
Less: borrowings expected to be repaid by these enterprise Crown corporations	15,148	14,327
	3,430	3,550
Miscellaneous	54	84
TOTAL OTHER LIABILITIES	27,315	28,172
UNMATURED DEBT		
Payable in Canadian currency—		
Marketable bonds	158,062	143,600
Canada savings bonds	35,598	34,444
Investment Fund	3,501	3,492
Treasury bills	152,300	139,150
	349,461	320,686
Less: Government's holdings of unmatured debt	1,020	1,309
<del></del>	348,441	319,377
Payable in foreign currencies—		
Marketable bonds	3,437	3,504
Notes and loans	7	14
Canada bills		1,008
	3.444	4,526
TOTAL UNMATURED DEBT (Note 13)	351,885	323,903
TOTAL	466,690	433,932

The accompanying notes are an integral part of this statement.

Details (unaudited) can be found in other sections of this volume.

# **GOVERNMENT OF CANADA**

# **Statement of Changes in Financial Position** for the Year Ended March 31, 1992

(in millions of dollars)

	1992	1991
CASH REQUIREMENTS FOR:		
OPERATING ACTIVITIES —		
Deficit for the year	34,643	30.613
Less: outflows (inflows) not requiring cash	34,043	50,010
Provision for valuation of assets and liabilities	-1,950	-1.72
Government contributions for employee benefits	1,271	1,13
Interest on — employee superannuation accounts	7,802	7.12
other specified purpose accounts	555	67
Increase in accounts receivable	-1,043	-74
Net decrease (-) or increase in accounts payable		
and accrued liabilities	-732	1,908
Net increase or decrease (-) in accrued interest and		
unamortized discount on the public debt	1,144	-245
	7.047	8.119
CASH REQUIRED FOR OPERATING ACTIVITIES	27,596	22,499
NVESTING ACTIVITIES —		
Loans and investments made (1)	7,307	4.990
Less: repayments and recoveries (1)	5,747	5.058
2233. 1494, 11811. 418. 140.	1,560	-68
excess cash outflows in specified purpose accounts	2,644	2,107
CASH REQUIRED FOR INVESTING ACTIVITIES	4,204	2,039
TOTAL CASH REQUIREMENTS	31,800	24,538
FINANCED BY:		
Net increase or decrease (-) in foreign exchange accounts	2,023	-3,746
Issue of foreign currency notes and securities	3,199	6,659
Less: repayments	4,281	7,808
Net foreign currency repayment	-1,082	-1,149
NET SOURCE OR NET REQUIREMENT (-) FROM FOREIGN EXCHANGE TRANSACTIONS	941	-4,895
Issue of Canadian currency securities	383,215	362.766
Less: repayments	354,151	332,276
NET CANADIAN CURRENCY BORROWING	29,064	30,490
NET DECREASE OR INCREASE (-) IN CASH	1 705	
	1,795	-1,057
OTAL CASH PROVIDED FOR ALL ACTIVITIES	31,800	24,538

The accompanying notes are an integral part of this statement.

Details (unaudited) can be found in other sections of this volume.

(1) Figures differ from those shown in the Statement of Transactions because non-cash transactions have been re-classified and shown separately.

#### Notes to the Financial Statements of the Government of Canada

### 1. Significant Accounting Policies

#### i. Government of Canada as a reporting entity

As a reporting entity, the Government of Canada comprises all organizations which are owned or controlled by the Government and which are accountable for the administration of their affairs and resources either to a minister of the Government or directly to Parliament.

#### ii. Method of accounting for Government organizations

Except for enterprise Crown corporations, which are accounted for by the cost method, all Government organizations are accounted for in the financial statements by consolidation. Enterprise Crown corporations are defined as those corporate organizations which are not dependent on parliamentary appropriations, and whose principal activity and source of revenue is the sale of goods and services to outside parties.

#### iii. Classification of financial transactions

The financial transactions of the Government are classified as budgetary, non-budgetary, foreign exchange and unmatured debt transactions.

Budgetary transactions enter into the calculation of the annual deficit or surplus and are reported on the Statement of Revenue and Expenditure. All other transactions lead to the acquisition or disposal of financial claims or to the creation or discharge of financial obligations, and are disclosed in the Statement of Assets and Liabilities.

Comparative figures are reclassified retroactively to conform to the current year's presentation.

#### iv. Budgetary transactions

On the Statement of Revenue and Expenditure, revenue and expenditure are reported both gross and net. The difference between the two is revenue from outside parties credited to appropriations and revenue of consolidated Crown corporations credited to expenditure.

#### Revenue

Tax revenue is reported net of refunds, and excludes taxes collected on behalf of provinces and territories, and amounts credited to other liability accounts.

The Government generally reports tax revenue in the year in which it is received. Refunds of tax revenue are allocated to the year in which the processing cycle for the assessment of the related tax return has been started. The Goods and Services Tax (GST) quarterly tax credits are charged in the first month of the quarter to which they relate.

Non-tax revenue is reported in the year in which the transactions or events that give rise to the revenue occur.

#### Expenditure

Expenditure includes charges for work performed, goods received, services rendered, and transfer payments made during the year. Expenditure may also include net charges related to allowances for the valuation of assets, for general contingencies, for borrowings of agent enterprise Crown corporations, and for other liabilities.

#### v. Assets

Assets are defined as the financial claims acquired by the Government on outside parties. However, as a result of the Government's accounting policies described above, certain financial claims are not reported on the Statement of Assets and Liabilities. The most important of these is tax revenue receivable.

The fixed assets of the Government, which include land, engineering structures, buildings, machinery and equipment, are charged to budgetary expenditure at the time of acquisition or construction.

#### vi. Liabilities

Liabilities are defined as financial obligations of the Government to outside organizations and individuals as a result of events and transactions that occurred on or before the accounting date.

The borrowings of all agent enterprise corporations are recorded as a liability of the Government, net of borrowings expected to be repaid directly by these corporations.

Pension or superannuation obligations are determined on an actuarial basis and incorporate the Government's best estimates of future economic events. These annual actuarial valuations may require estimation adjustments due to experience gains and losses and to changes in actuarial assumptions. These adjustments are amortized to the liability and the related expenditure over the expected average remaining service life of the related employee group. The cost of plan amendments, and gains and losses upon a plan settlement or curtailment are recorded in the period the plan amendments, settlement or curtailment occurred.

#### vii. Valuation of assets and liabilities

#### Assets

Assets are recorded at cost and are subject to annual valuation to reflect reductions from the recorded value to the estimated realizable value. In the case of loans to sovereign states, the Government views these loans as collectible unless formally repudiated by the debtor. The allowance for valuation includes reductions from the recorded value of loans (and subscriptions to international organizations that make similar loans) with significant concessionary terms.

The Government's gold reserves are included in the International reserves held in the Exchange Fund Account and are recorded and valued at the Canadian dollar equivalent of 35 Special Drawing Rights per fine ounce. Gold reserves are discussed in more detail in Note 10.

#### Liabilities

Liabilities are recorded at the amounts ultimately payable. Termination benefits, superannuation plans and Government Annuities Account are reported on an actuarial basis. Superannuation obligations are discussed in more detail in Note 12.

#### viii. Allowances for general contingencies

The Government establishes allowances in respect of potential debt or debt service relief measures for financially troubled countries under multilateral agreements. These allowances are included, as appropriate, in the allowance for valuation of assets and the allowance for borrowings of agent enterprise Crown corporations.

#### ix. Translation of foreign currency transactions

Foreign currency transactions are translated and recorded in Canadian dollar equivalents at the exchange rates prevailing at the transaction dates.

Assets and liabilities resulting from foreign currency transactions are, in turn, reported at year end closing rates of exchange; net gains are credited to revenue, while net losses are charged to expenditure.

#### 2. Authorities for Transactions

The right of Canada to raise taxes and revenues is contained in the Constitution Acts, and is given specific form in various Acts passed by Parliament. Revenue can be raised and moneys can be spent or borrowed by the Government only with the authority of Parliament. All receipts of money by departments and agencies must be deposited into the Consolidated Revenue Fund (CRF). All disbursements from the CRF for spending on operations, for loans, investments and advances, and for the redemption of matured debt, must be authorized by Parliament, through annual appropriation acts and other statutes.

Wholly-owned Crown corporations that are agents of Her Majesty also may borrow only as authorized by Acts of Parliament. Such Acts usually place a ceiling on the amount of borrowings that can be outstanding at any one time. Non-agent Crown corporations can borrow without specific parliamentary authority. Non-agent borrowings are sometimes guaranteed by the Government with the authority of Parliament.

#### 3. Spending and Borrowing Authorities

#### i. Source and disposition of spending authorities

The following table summarizes the authorities made available by Parliament and used by the Government for expenditure and for loans, investments and advances.

		(in millions of dollars)			
	1	992	1	991	
	Expen- diture (bud- getary)	Loans, investments and advances (non- budgetary)	Expen- diture (bud- getary)	Loans, investments and advances (non- budgetary)	
Used in the current			_		
year	139,605	1,986	138,065	852	
Lapsed	3,518	50	2,289	38	
Overexpended	(1)		-4		
subsequent years	877	51,164	957	49,953	
Authorities available for use, including those from					
previous years	144,000	53,200	141,307	50,843	

Details (unaudited) can be found in Tables 5 and 6, Section 1 of Volume II (Part I) of the Public Accounts.

(1) Less than \$500,000.

#### 2.12 AUDITED FINANCIAL STATEMENTS OF THE GOVERNMENT OF CANADA

#### ii. Reconciliation of expenditure authority

The use of budgetary authority as reported in the above table differs from net total expenditure reported on the Statement of Revenue and Expenditure. Certain specified purpose accounts and certain Crown corporations are consolidated with the Government's financial statements but are not included in the budgetary authorities available for use as shown above. In addition, the authorities above do not include the provision for valuation of assets and liabilities, which is authorized by section 63 of the Financial Administration Act. These differences are summarized below.

	(in millions	of dollars)
	1992	1991
Use of budgetary authority per		
the above table	139,605	138,065
Effect of consolidating certain specified purpose accounts—		
Unemployment Insurance Account	19,178	13,502
Western Grain Stabilization		
Account	-94	-37
Other accounts	-62	415
Effect of consolidating certain		
Crown corporations	54	-78
Net provision for valuation of assets		
and liabilities	-1,950	-1,725
Internal revenue eliminated	-56	-171
Net total expenditure per		
Statement of Revenue and Expenditure	156,675	149,971

Details (unaudited) of consolidated specified purpose accounts and consolidated Crown corporations can be found in Section 5 of this volume.

#### iii. Overexpenditure of spending authority

The following votes were overexpended. Most of the amounts represent liabilities incurred but not paid at the fiscal year end. In the next fiscal year, spending authority for each equivalent appropriation is reduced by the amount of those liabilities.

	(in millions of dollars)
	1992
Communications	
Canadian Museum of Nature	
Vote 55—Payments to the Canadian Museum	
of Nature	(1)
Veterans Affairs	
Canadian Pension Commission Program	
Vote 10—Program expenditures	(1)
	(1)

Details (unaudited) can be found in the ministerial sections of Volume II (Part I) of the Public Accounts.

(1) Less than \$500,000.

#### iv. Borrowing authorities

The following table shows the borrowing authorities available and their use, reconciled to the change in unmatured debt as reported on the Statement of Assets and Liabilities.

		(in millions of dollars)						
		1	992			1	991	
-	Available	Used	Lapsed	Available for use in subsequent years	Available	Used	Lapsed	Available for use in subsequent years
Authorities which impose a ceiling through borrowing authority Acts  Section 47 of the Financial Administration Act <sup>(1)</sup>	26,400 3,900	26,400 1,347	2,553		27,350 2,600	27,350 1,287	1,313	
Total	30,300	27,747	2,553		29,950	28,637	1,313	
Net increase in unmatured debt		27,982				29,340		
redeemed		-12				-34		
Change in internal holding of Government debt		-261				-165		
Pension Plan Change in adjustments of consolidated Crown		-9				-420		
corporations holdings		-28				52		
Foreign currency adjustments		75				-136		
Total use of borrowing authorities		27,747				28,637		

<sup>(1)</sup> Authorizes the Government to borrow, for a fixed period not exceeding six months, amounts necessary to ensure that the Consolidated Revenue Fund will be sufficient to meet lawfully authorized disbursements.

#### 4. Revenue

#### i. Personal income tax

The following table presents details of personal income tax revenue as classified in the Statement of Revenue and Expenditure:

	(in millions of dollars)		
	1992	1991	
Income tax			
Personal	62,872	60,245	
Social benefit repayments Family allowance benefit			
repayments	215	97	
Old age security benefit			
repayments	225	92	
	63,312	60,434	
Less: refundable tax credits			
child tax credits	1,380	2,094	
sales tax credits	700	727	
investment tax credits	10	12	
	2,090	2,833	
Total	61,222	57,601	

Social benefit repayments are processed through personal income tax returns and are included in personal income tax revenue while social benefit payments made during the year are included in budgetary expenditure.

Entitlements to refundable tax credits are claimed on personal and corporate income tax returns and are settled either by reducing the tax liability for the year or, if no liability exists, by issuing a "refund" cheque. In either case, income tax revenues are reduced, even where no tax has been paid.

Had the social benefit repayments and refundable tax credits been reported as expenditures, both gross total expenditure and income tax revenue would have been adjusted accordingly.

#### ii. Excise taxes and duties

The following table presents details of excise taxes and duties as classified in the Statement of Revenue and Expenditure:

	(in millions	of dollars)
	1992	1991
Goods and services tax	28,760	3,369
Less: quarterly tax credits	2,262	598
refunds and rebates	11,330	197
	15,168	2,574
Other excise taxes and duties		
Federal sales tax	-1,969	12,635
Energy taxes	3,441	3,192
Other	4,557	3,711
	6,029	19,538
Customs import duties	3,999	4,001
Total	25,196	26,113

<sup>(1)</sup> Revenues reported represent remittances received during February and March 1991.

The Goods and Services Tax (GST) reported in the Statement of Revenue and Expenditure is net of all credits, refunds and rebates.

With the introduction of the GST, the Federal Sales Tax (FST) ceased to have general application after December 31, 1990. Amendments were passed to phase out the existing FST. The FST reported in the Statement of Revenue and

Expenditure is net of refunds and special inventory rebates of the phased-out provisions. These special rebates for the year ended March 31, 1992 amounted to \$1,644 million (\$1,053 million in 1991).

Other excise taxes and duties are levied on alcoholic beverages and tobacco products. In addition, excise taxes are imposed on other items such as jewelry, passenger vehicles and air conditioners.

#### iii. Non-tax revenue

The following are details of non-tax revenue as shown in the Statement of Revenue and Expenditure:

	(in millions	of dollars)
	1992	1991
Return on investments		
Loans, investments and advances	3,581	4,487
Foreign exchange accounts	2,917	2,269
Other	568	51
	7,066	6,807
Other non-tax revenue	2,261	2,748
Total	9,327	9,555

Other non-tax revenue is comprised principally of refunds of previous years' expenditure, services and service fees, privileges, licences and permits, proceeds from sale of capital assets and of current goods and services.

#### 5. Expenditure

#### i. Transfer payments

The Government makes transfer payments to persons, other levels of government, enterprises, non-profit institutions, international organizations and foreign countries.

Payments to persons essentially constitute an income security framework. Individuals are provided with assistance because of their age (Old Age Security and Family Allowances), because they are temporarily unemployed (Unemployment Insurance), or for other specific purposes.

Payments are made to other levels of government for numerous transfer programs operated by the federal Government under various statutory authorities, including equalization payments and payments for health care, education, and grants in lieu of taxes.

Payments to enterprises include agricultural subsidies for freight, grain storage, oil and gas subsidies for offshore oil and gas development, incentives, oil import compensation, and freight rate subsidies to railway and transportation companies under various statutory Acts.

Payments are made to international organizations that provide development assistance, military protection, and satellite communications. Payments to foreign countries are for official development assistance in the purchase of goods and services. As well, food aid payments are made to international institutions for the benefit of recipients in developing countries.

Payments to non-profit institutions are to universities in aid of research, to non-profit organizations for research and development, and to various national organizations.

The following is a more detailed summary of transfer payments as shown in the Statement of Revenue and Expenditure:

	(in millions	of dollars)	
	1992	1991	
Transfer payments—			
To persons	40,774	35,938	
To other levels of government	26,084	24,290	
Other transfer payments—			
Foreign aid	2,787	2,404	
Indians and Inuit	2,547	2,302	
Job creation and Labour Force Adjustment .	1,951	2,034	
Regional and industrial development	2,002	2,130	
Agricultural programs	1,853	900	
Other	3,985	2,790	
	15,125	12,560	
Total transfer payments	81,983	72,788	

#### ii. Crown corporations expenditures

The following are the major components included in Crown corporations expenditures:

	(in millions of dollars)	
	1992	1991
Expenses of consolidated Crown corporations	5,532	5,248
Expenditures related to enterprise Crown corporations (1)	866	1,466
·	6,398	6,714
Less: revenue of consolidated Crown		
corporations	1,097	862
Total	5,301	5,852

<sup>(1)</sup> Includes a provision for valuation of -\$437 million (\$889 million in 1991).

Included in the expenses of consolidated Crown corporations of \$5,532 million (\$5,248 million in 1991) is an amount of \$1,904 million expended under the terms of various contractual obligations of Canada Mortgage and Housing Corporation as an agent of the Government of Canada for social housing programs. Total financial obligations under these contracts extend for periods ranging from 1 to 45 years. The uncertainty in forecasting the economic factors used to calculate these obligations precludes reasonable estimation of payments beyond a five-year period. Estimated payments and expenses for the next five years are as follows:

FISCAL YEARS (in r	millions of dollars
1993	1,938
1994	1,956
1995	1.961
1996	1,961
1997	2.009

#### iii. Other program expenditures

Other program expenditures by ministry are as follows:

	(in millions of dollars)	
	1992	1991
Agriculture	878	780
Communications	464	434
Employment and Immigration	538	533
Environment	1,000	1,178
External Affairs	1,052	1,023
Industry, Science and Technology	1,243	1,144
National Health and Welfare	1,073	1,011
National Revenue	2,163	2,107
Public Works	874	1,025
Solicitor General	2,344	2,302
Transport	1,266	1,314
Other	5,320	5,127
Adjustment to allowance for		
equal pay (1)	-1,003	
	17,212	17,978
National Defence	10,948	10,816
Total	28,160	28,794

<sup>(1)</sup> See Note 16, claims and pending and threatened litigation.

### 6. Expenditure by Standard Object

Expenditure on the Statement of Revenue and Expenditure is reported by standard object in the following table:

		(in millions of dollars)		
Stand Objec		1992	1991	
(1)	Personnel	18,469	18,384	
(2)	Transportation and communications	1,861	1,931	
(3)	Information	241	296	
(4)	Professional and special services	3,047	2,995	
(5)	Rentals	1,064	1,022	
(6)	Purchased repair and			
	maintenance	1,383	1,384	
(7)	Utilities, materials and			
	supplies	2,360	2,498	
(8)	Construction and/or acquisition of land,			
` '	buildings and works	760	857	
(9)	Construction and/or acquisition of			
	machinery and equipment	3,360	3,238	
(10)	Transfer payments	81,983	72,788	
(11)	Public debt charges	41,231	42,537	
(12)	Other subsidies and payments	4,647	5,400	
	Total gross expenditure	160,406	153,330	
(13)	Less: revenues credited to the vote	2,634	2,497	
	gross revenue of consolidated			
	Crown corporations	1,097	862	
	Total net expenditure	156,675	149,971	

Details (unaudited) can be found in Table 3a, Section 1 of Volume II (Part I) of the Public Accounts.

#### 7. Accumulated Deficit

In accordance with its stated accounting policies, the Government includes in its revenues and expenditures the transactions of certain specified purpose accounts and Crown corporations. Legislation requires that the revenue of specified purpose accounts be earmarked and that related payments be charged against such revenue. Any deficiency of payments over revenue must be met through future revenue. The following table shows the balances of these specified purpose accounts and the retained earnings of the consolidated Crown corporations included in the accumulated deficit:

	(in millions of dollars)	
	1992	1991
Accumulated deficit excluding consolidated		
accounts	421,416	390,074
Consolidated specified purpose accounts—		
Unemployment Insurance Account	3,630	-176
Canadian Ownership		
Account	-3,565	-3,565
Western Grain Stabilization		
Account	1,042	1,120
Crop Reinsurance Fund	443	496
Agriculture Commodities Stabilization		
Accounts	140	30
Accrued expenditure of the Crop Reinsurance		
Fund		63
Accrued expenditure of the Unemployment		
Insurance Account	703	771
Other specified purpose accounts	-618	-211
	1,775	-1,472
Consolidated Crown corporations—		
Reversal of allowance		
for valuation	-200	-200
Retained earnings	81	27
	-119	-173
Accumulated deficit	423,072	388,429

Details (unaudited) of the consolidated accounts can be found in Section  ${\bf 5}$  of this volume.

#### 8. Crown Corporations

#### i. Consolidated Crown corporations

Consolidated Crown corporations are wholly-owned Crown corporations and their wholly-owned subsidiaries which rely on Government funding as their principal source of revenue.

A total of 31 Crown corporations were consolidated in 1992 (33 in 1991). The principal consolidated Crown corporations are: Atomic Energy of Canada Limited, Canadian Broadcasting Corporation, Marine Atlantic Inc., and VIA Rail Canada Inc.

#### ii. Enterprise Crown corporations

As disclosed in Note 1ii, enterprise Crown corporations are not consolidated in the Government's financial statements but are accounted for by the cost method. The principal enterprise Crown corporations are reported separately on the Statement of Assets and Liabilities.

The following tables set out the assets, liabilities, revenues and expenditures/expenses of the Government and of enterprise Crown corporations.

The tables present the financial transactions and results of operations of the enterprise Crown corporations in accordance with, in most cases, generally accepted accounting principles (GAAP) used by private sector companies. Under GAAP, non-financial assets such as buildings, machinery, equipment and inventories are reflected as assets and written off over their useful lives or as they are consumed or used. The Government treats the acquisition of non-financial assets as expenditures in the year of acquisition.

For those enterprise Crown corporations whose year end is March 31, the data are based on audited financial statements. For those corporations having other year ends, the data are based on unaudited interim financial statements which have been prepared on a basis consistent with their most recent audited financial statements.

The corporate financial statements of each enterprise and other consolidated Crown corporations are reproduced in the President of the Treasury Board's Annual Report to Parliament on Crown corporations and other Corporate Interests of Canada.

#### a) Assets and liabilities

	(in millions of dollars)			5)
	1992		1	991
	Govern- ment as reported	Enterprise Crown corpora- tions	Govern- ment as reported	Enterprise Crown corpora- tions
Assets Financial Outside parties Government	29,268	33,322	31,675	33,754
and Crown corporations	14,350	26,401	13,828	25,528
Total financial assets Physical assets and	43,618	59,723	45,503	59,282
deferred charges		11,831		17,884
Total assets	43,618	71,554	45,503	77,166
Liabilities Outside parties Borrowings Agents Non-agents	325,623	18,578 1,804	300,151	17,877 2,583
Bank of Canada notes in circulation and amounts owing to depositors Other liabilities Government and	111,375	24,099 6,369	106,479	22,974 7,808
Crown corporations .	29,692	13,870	27,302	15,978
Total liabilities	466,690	64,720	433,932	67,220
Net assets/liabilities (-) .	-423,072	6,834	-388,429	9,946
Contingent liabilities	26,226	597	26,180	475

Details (unaudited) can be found in Section 6 of this volume.

### b) Revenues and expenditures/expenses

		(in millio	ns of dollars	3)
	1992		1	991
	Govern- ment as reported	Enterprise Crown corpora- tions	Govern- ment as reported	Enterprise Crown corpora- tions
Revenues Outside parties	121,438	16,563	117,375	21,875
Crown corporations .	4,325	4,505	5,337	4,332
Total revenues	125,763	21,068	122,712	26,207
Expenditures/Expenses Outside parties	154,639	17,735	149,683	20,952
Crown corporations .	5,767	1,707	3,647	2,387
Total expenditures/ expenses	160,406	19,442	153,330	23,339
Deficit (-)/net income for the year <sup>(1)</sup> Other net changes in	-34,643	1,626	-30,618	2,868
Outside parties		-62		-426
Crown corporations .		-4,676		-2,417
Change in net assets/ liabilities (-) for the				
year Net assets/liabilities (-)	-34,643	-3,112	-30,618	25
beginning of year	-388,429	9,946	-357,811	9,921
Net assets/liabilities (-) end of year	-423,072	6,834	-388,429	9,946

Details (unaudited) can be found in Section 6 of this volume.

<sup>&</sup>lt;sup>11</sup> In 1992, \$1,997 million (\$2,962 million in 1991) has been remitted to the Government as dividends and transfers of profit and is included in the Government's revenue for the year.

#### 9. International Development Assistance— Loans, Subscriptions, Contingent Liabilities and Commitments

#### i. Loans to developing countries

Included in loans to National governments—\$3,535 million (\$3,476 million in 1991)—are loans to developing countries of \$2,255 million (\$2,309 million in 1991). These loans arose from agreements signed before April 1, 1986 and are either at low interest rates or are interest-free. All similar loans disbursed after April 1, 1986 have been treated as budgetary expenditures. The balances outstanding at March 31, grouped by term, are:

Grace period before			(in millions of dollar		
Original term	repayment commences	Interest rate	1992	1991	
20 years	5 years	5%	20	23	
30 years	7 years	3%	157	160	
35 years	5 years	*	2	2	
40 years	10 years	*	(2)	1	
50 years	10 years	*	2,029	2,075	
53 years <sup>(1)</sup>	13 years	*	39	40	
55 years <sup>(1)</sup>	15 years	*	8	8	
			2,255	2,309	

<sup>\*</sup> Interest-free.

The terms of these loans confer financial benefits on the recipients and have been fully provided for in the allowance for valuation of assets. Details (unaudited) can be found in Section 6 of this volume.

### ii. Subscriptions and loans to international organizations

Loans, investments and advances to international organizations-\$5,179 million (\$4,898 million in 1991)-include subscriptions to the capital of the International Development Association and loans to other international financial institutions of \$4,270 million (\$4,090 million in 1991). These loans are shown net after deduction of notes payable of \$2,253 million (\$2,077 million in 1991), including \$2,219 million (\$2,046 million in 1991) of notes payable to the aforementioned association and institutions. The notes are non-interest bearing and non-negotiable, but are payable on demand, although normally encashed within seven years. The international financial institutions make loans to developing countries on beneficial terms. Subscriptions to international organizations do not provide a return on investments but are repayable on termination of the organization or withdrawal from it. Details (unaudited) can be found in Section 6 of this volume.

The allowance for valuation includes an amount of \$2,051 million (\$2,043 million in 1991), which represents the Government's net position relative to these institutions.

#### iii. Contingent liabilities and commitments

Contingent liabilities under international development assistance result from agreements entered into by the Government that will result in the future disbursement of funds if a potential event occurs. The Government has contingent liabilities for callable subscriptions related to shares purchased in certain international development institutions. As at March 31, 1992, these contingent liabilities amounted to \$9,883 million (\$8,425 million as at March 31, 1991). The Government has also issued lines of credit to international development institutions to finance future lending. As at March 31, 1992, contingent liabilities under these lines of credit amounted to \$1,456 million (\$1,385 million as at March 31, 1991).

The Government has also entered into agreements with international organizations and other sovereign nations, committing it to disburse funds in future years for specified purposes. These include loans to national governments and international development institutions that have been approved, but not yet disbursed. These commitments amounted to \$1,905 million as at March 31, 1992 (\$1,107 million as at March 31, 1992, to disburse \$416 million in future (\$810 million as at March 31, 1991) to subscribe to additional shares in international development institutions. With this commitment, the Government has also incurred contingent liabilities in respect of future callable subscriptions. As at March 31, 1992, these amounted to \$1,325 million (\$2,861 million as at March 31, 1991).

Details (unaudited) on international development assistance commitments and contingent liabilities can be found in Section 6 of this volume. Other commitments and contingent liabilities are discussed separately in Notes 14 and 16 respectively.

### 10. Gold

Included in the international reserves of \$17,148 million (\$19,066 million in 1991) held in the Exchange Fund Account are Canada's gold holdings of 12.31 million fine ounces with a recorded value of \$703 million (14.57 million fine ounces with a recorded value of \$792 million in 1991).

Gold is valued at the Canadian dollar equivalent of 35 Special Drawing Rights (SDRs) per fine ounce, which approximates its cost in foreign currency terms. The SDR is a unit of account used by the International Monetary Fund and is valued in terms of a "basket" of five major currencies. At March 31, 1992, the Canadian dollar equivalent of 35 SDRs was \$57.09 per fine ounce (\$54.33 per fine ounce in 1991).

Alternative bases of valuation could be used to value gold. On a market value basis (\$406.35 per fine ounce in 1992, \$411.74 in 1991), the recorded value would have been \$5,002 million (\$5,999 million in 1991). On the basis of an estimated average acquisition cost in Canadian dollars at historical rates of exchange \$36.91 per fine ounce in both 1992 and 1991, the recorded value would have been \$454 million (\$538 million in 1991). Further details can be found in the financial statements of the Exchange Fund Account, included in Section 9 of this volume.

<sup>(1)</sup> Rescheduled loans.

<sup>(2)</sup> Less than \$500,000.

#### 11. Canada Pension Plan

Under existing legislation, payments of benefits and costs for the Canada Pension Plan are financed from contributions from employees, employers and self-employed persons, and from interest from the investment of funds not immediately needed for benefits and costs. Although the Plan was set up under federal legislation, it is under the joint control of the Government and the included provinces. Under existing legislation, any significant amendments (e.g. proposed enactment to alter the general level of benefits or the rate of contributions) requires agreement by at least two-thirds of the included provinces having an aggregate of not less than two thirds of the population. The Government's authority to pay benefits under the Plan is limited to the balance in the Canada Pension Plan Account which was \$42,047 million at March 31, 1992. In accordance with the accounting policies of the Government, the revenues and expenditures of the Plan (\$12,854 million and \$11,927 million respectively) have not been reported with those of the Government.

The financial statements of the Account are reproduced in Section 7 of this volume.

#### 12. Superannuation Accounts

Defined benefit pension plans for substantially all its full-time employees, principally members of the Public Service, the Canadian Forces and the Royal Canadian Mounted Police (RCMP), have been established by legislation. The Government has obligations for these plans. It also has obligations for several other pension plans. The two most significant ones cover all members of Parliament and federally appointed judges.

Enabling legislation provides that all superannuation obligations arising from these plans be met but separately invested funds are not maintained.

Pension expenditure is included in the Statement of Revenue and Expenditure as a component of other program expenditures. Pension interest is included in public debt expenditure.

#### i. Pension legislation

On September 29, 1992, an Act to amend certain Acts in relation to pensions and to enact the Special Retirement Arrangements Act and the Pension Benefits Division Act received Royal Assent.

The Act amends the Public Service Superannuation Act (PSSA), the Canadian Forces Superannuation Act (CFSA), the RCMP Superannuation Act (RCMPSA) and the Members of Parliament Retiring Allowances Act (MPRAA), and enacts the Special Retirement Arrangements Act and the Pension Benefits Division Act.

These amendments provide the authority to enable the federal pension plans to comply with the Income Tax Act rules for registered pension plans, and bring about some changes to pension arrangements of the Public Service employees, members of the Canadian Forces and members of the RCMP.

No changes were made to the basic provisions of the current pension plans. Consequently, the full indexing guarantee, current employee contribution rates, the current age and service pension thresholds and contribution lock-in provisions remain unchanged.

Other amendments include provisions:

- for the public service employees, for: coverage of part-time employees; and

an early retirement program for certain employees of the Correctional Service of Canada;

- for all major plans:

optional coverage is provided for leave without pay exceeding three months;

the Pension Benefits Division Act permits the division of pension benefits on marital breakdown; and

the Special Retirement Arrangements Act provides a mechanism to allow for the accrual of pensions in excess of the amounts payable under Income Tax Act rules for registered pension plans.

As at April 1, 1991, the basic pension accounts were combined with the portion of the respective Supplementary Retirement Benefits Account that relates to each plan. From that date, pension benefits have been fully funded as they were earned by employees. All future benefits, including all indexing payments will be charged to the appropriate pension accounts. The Government contributions to these accounts will be made monthly and at the levels which will be adequate to cover the cost of the benefits being earned. Any future actuarial deficits as determined in triennial valuation reports will be credited to the accounts in equal annual instalments over a period not to exceed 15 years with the first instalment to be credited in the fiscal year in which the actuarial valuation report is laid before Parliament.

#### ii. Pension plans

Employee pension plans

Basic pensions for the three major employee plans are generally based on the best six consecutive years' average earnings and are accrued at 2 percent of these average earnings per year of service, to a maximum of 70 percent of final average earnings. Basic pensions are indexed annually (on January 1) to the cost of living.

Employee contributions for these benefits are 7 1/2 percent of pay, less contributions to the Canada or Quebec Pension Plan. Employer contributions are made monthly to provide for the cost of the benefits that have accrued in respect of that month at a rate determined by the President of the Treasury Board. In 1991-92, the employer contribution rates averaged about 1.0, 2.1 and 1.8 times the current year's employee contribution for the plans of the PSSA, the CFSA and RCMPSA, respectively.

The Public Service Superannuation Act also covers the employees of certain Crown corporations, agencies and other

institutions. Pension obligations for Crown corporations covered by the Public Service Superannuation Act are limited to matching their employees' contribution; any actuarial deficiency is borne by the Government.

Contributions are credited to the superannuation accounts. The accounts earn interest at rates that are based on the Government of Canada long-term bond rate. The interest rate earned by the accounts was about 11 percent for both 1991 and 1992.

Members of Parliament retiring allowances

Members of Parliament are eligible to receive a basic retiring allowance upon termination of membership after having contributed to the plan for at least six years. The basic allowance is based on the best six year average sessional indemnity and is accrued at a rate of 5 percent and 3 percent of these average indemnity for members of the House of Commons and for Senators, respectively. Basic allowances are indexed annually (on January 1) to the cost of living.

Members contributions for these benefits are 11 percent for members of the House of Commons and 7 percent for Senators. The Government contributions are made monthly to provide for the cost of the benefits that have accrued in respect of that month at a rate determined by the President of the Treasury Board. The contribution rates expressed as a multiple of members contributions are as follows:

	1992
Members of Parliament	
House of Commons	
Retiring allowances prior to January 1992	1.00
Retiring allowances January 1, 1992	2.43
Retirement compensation arrangements	7.68
The Senate	
Retiring allowances prior to January 1992	1.00
Retiring allowances January 1, 1992	1.48
Retirement compensation arrangements	2.63

Contributions are credited to the superannuation accounts. The accounts earn interest at a rate of 2 1/2 percent per quarter.

#### iii. Actuarial valuations

As required under the Public Pensions Reporting Act, actuarial valuations are performed triennially on the five major pension plans including the related indexing benefits, using the projected benefit method pro-rated on services as specified in their respective Acts.

The most recent actuarial valuation for each plan was prepared as follows:

Public Service Pension Plan—December 31, 1989;

Canadian Forces Pension Plan-December 31, 1990;

Royal Canadian Mounted Police Pension Plan—December 31, 1989;

Pension Plan for federally appointed judges—December 31, 1988:

Members of Parliament retiring allowances—December 31, 1988.

As at March 31, 1992, the actuarial report for the Canadian Forces Pension Plan was not tabled before Parliament.

Pension obligations, for accounting purposes, are determined on an actuarial basis and incorporate the Government's best estimates of future economic events such as inflation rates, interest rates and wages and salary increases. They incorporate, initially, the effects of current economic conditions which are blended gradually into long-term economic assumptions. The expected long-term assumptions beginning in eight years are estimated to be (compared with assumptions used in the previous year):

	(per	cent)
	in 1992 for year 2000	in 1991 for year 1999
Interest rate on new money	5.0	5.0
Inflation rate	2.0	2.0
General wage increase	2.5	2.5

Even minor variations in these assumptions can result in a significantly higher, or lower, estimate of additional liabilities. For example, an increase of 1 percent in the inflation rate would result in an increase in pension liabilities of \$8,000 million. The same percentage increase in interest rates would reduce pension liabilities by \$11,300 million.

# iv. Allowance for the actuarial liability for employee pensions

A supplementary allowance is used to record any shortfall, as determined for accounting purposes on an actuarial basis.

As a result of the annual actuarial valuation for accounting purposes, adjustments were required to the allowance to reflect:

- a reduction of \$664 million which recognizes the actuarial deficit adjustments made directly to the pension accounts which were previously included in the allowance, and
- a reduction of \$686 million (\$533 million in 1991) for the amortization of estimation adjustments due to changes in actuarial assumptions leaving \$8,218 million (\$6,100 million in 1991) to be amortized in future years.

#### PUBLIC ACCOUNTS, 1991-92

The following table provides details of the allowance for valuation for the actuarial liability for employee pensions as at March 31:

	(in millions of dollars)	
	1992	1991
Allowance, beginning of year	3,400	5,300
restraint		1,367
adjustment from pension legislation	664	
adjustments	686	533
Allowance, end of year	2,050	3,400
future years	8,218	6,100
Excess (-) or shortfall of superannuation accounts over actuarially determined pension		
obligations at March 31	-6,168	-2,700

The amortization period is based on the expected average remaining service life (EARSL) of the related employee group and are as follows:

Pension Plan	(Years)		
	1992	1991	
Public Service	13	13	
Canadian Forces	12	13	
Royal Canadian Mounted Police	14	14	
Judges	13	12	
Members of Parliament	7	8	

# v. Pension liability and pension related expenditures

The following table represents the balances of the major superannuation liability accounts as at March 31:

	(in millions	of dollars)
	1992	1991
Public Service Superannuation		
Account	46,314	37,566
Canadian Forces Superannuation Account	27.245	23,860
Royal Canadian Mounted Police		
Superannuation Account	4,891	4,018
Retiring Allowances Account	200	32
Members of Parliament Retirement  Compensation Arrangement Account	3	
Supplementary Retirement Benefits		
Account	28	5,963
	78,681	71,439
Allowance for actuarial liability		
for employee pensions	2,050	3,400
Total	80,731	74,839

The following table discloses pension and related interest costs for the major plans charged to expenditure in 1991-92.

	(in millions of dollars)						
			Royal Canadian	Members of	Parliament		
	Public Service	Canadian Forces	Mounted Police	Retiring Allowances	Retirement Benefits	1992 Total	1991 Total
Employer contributions	622 506	401	105	2 158	3	1,133 664	1,000
Indexation	4.505	2.726	21	. 2		23	1,049
nterest credited to Accounts	4,595	2,726	478			7,802	7,121
Decrease in the allowance for actuarial liability for employee	5,723	3,127	604	165	3	9,622	9,170
pensions						1,350	1,900
						8,272	7,270

Details (unaudited) of the Accounts are reproduced in Section 7 of this volume.

#### 13. Unmatured Debt

The following table presents interest rates and maturity of debt issues by currency and type at face value.

			(in	n millions of dollars)			
	Mar	ketable bonds				Notes and loan	S
Maturing date(s)	Canadian	Foreign currencies expressed in Canadian \$	Canada savings bonds (1)	Canada Pension Plan non- marketable bonds	Treasury bills	Foreign currencies expressed in Canadian \$	Total
1993	14,923	820	4,211	7	152,300	7	172,268
1994	20,290	681	2,563	8			23,542
1995	13,911			9			13,920
1996	10,852	1,936		10			12,798
1997	12,355			11			12,366
1998/2002	37,921		15,223	82			53,226
2003/2007	18,896		13,601	1,643			34,140
Subsequent	28,914			1,731			30,645
	158,062	3,437	35,598	3,501	152,300	7	352,905
Less: Government's holdings of unmatured							
debt	11		1,009				1,020
	158,051	3,437	34,589	3,501	152,300	7	351,885
Effective average annual interest rate	10.31	7.49	7.50	10.19	7.68	8.50	8.86
Range of interest rates	3-15.75	4.375-10.125	7.50	7.08-17.51	6.83-9.62	8.50	3-17.51

<sup>(1)</sup> Canada savings bonds are redeemable on demand.

Substantially all Government debt is issued at fixed rates. The Government has, however, entered into interest rate and currency swap agreements to facilitate management of the risks associated with its interest rate and foreign currency exposure. At March 31, 1992, the Government had interest swap agreements of US \$1,625 million, Yen 60,000 million and CDN \$5,775 million in notional principal. Under these agreements, which expire between 1992 and 2004, fixed interest rate commitments have been converted to variable rates (tied to LIBOR or Banker's Acceptance).

Currency swap agreements at March 31, 1992 have converted future exchange risks of 100,000 million Yen debt to US \$676 million debt.

The interest paid or payable and the interest received or receivable on all swap transactions is recorded as part of the public debt in the Statement of Revenue and Expenditure.

Foreign currency amounts are translated to the Canadian dollar equivalent at year end. At March 31, foreign currency borrowings included the following:

	(in millions of dollars)				
	1992	1992	1991 Canadian \$ equivalent		
Currency	Face value	Canadian \$ equivalent			
United States dollars	1,634	1,943	3,091		
Swiss francs	200	159	159		
Yen <sup>(1)</sup>		1,342	1,276		
		3,444	4,526		

The 1992 Canadian \$ equivalent is comprised of the conversion of Yen debt 100,000 million (100,000 million in 1991) and 676 million (676 million in 1991) US dollar swap risks.

#### 14. Contractual Commitments

The nature of the Government's activities requires it to enter into contracts that are significant in relation to its current financial position or that will materially affect the level of future expenditure. Contractual commitments are classified in the following five categories: fixed assets, purchases, operating leases, capital leases and benefit plans for veterans.

All contractual commitments of \$100 million or more per project or individual contract if not part of a project at year end, are reported for fixed assets, purchases and operating leases. All capital lease arrangements with total minimum lease payments remaining at March 31 in excess of \$1 million per contract are reported. Benefit plans for which the Government has commitments in excess of \$100 million are reported.

The Government's commitment with respect to international development assistance are discussed separately in Note 9iii. Contractual commitments, subject to the provision of funds from Parliament, related to the delivery of social housing programs of Canada Mortgage and Housing Corporation as an agent of the Government of Canada are disclosed in Note 5ii—Crown corporations expenditures.

The following are the contractual commitments at March 31, 1992, including those of consolidated Crown corporations, which will result in substantial outlays in future years.

#### Fixed assets, purchases and operating leases

	(in millions of dollars)				
	1992		199	91 <sup>(1)</sup>	
	Total estimated cost	Out- standing commit- ments	Total estimated cost	Out- standing commit- ments	
Fixed assets	14,902 2,387	3,207 357	14,291 1,885	4,540 250	
Operating leases	126	118	1,000	250	
Total	17,415	3,682	16,176	4,790	
Outstanding commitments by year:					
1993		1,235		1,674	
1994		1,089		1,022	
1995		765		633	
1996		329		471	
1997		64		264	
subsequently		200		726	
		3,682		4,790	

Details (unaudited) can be found in Section 11 of this volume.

#### Capital leases

76 76 76 74 74 371 384	1991 <sup>(1)</sup> 66 66 67 65 64 318
76 76 74 74 371	66 67 65 64 318
76 76 74 74 371	66 67 65 64 318
76 76 74 74 371	66 67 65 64 318
76 74 74 371	65 65 64 318
74 74 371	65 64 318
74 371	64 318
371	318
	0.10
384	210
	318
355	329
275	244
141	159
19	31
1,921	1,727
1,311	1,183
	544
	1,921

Details (unaudited) can be found in Section 11 of this volume.

#### Benefit plans for veterans

The Government provides pension and benefits for disability and death to former members of the Canadian-Forces under the Pension Act. Estimated annual expenditures under this Act will approximate \$1,000 million for the next few years.

The Government also provides pensions to members of the Canadian Forces who became members prior to April 1, 1946 and members of the RCMP who became members prior to March 1, 1949 under the Defence Services Pension Continuation Act and the RCMP Continuation Act respectively. It is estimated that each of these obligations is of the order of \$100 million.

#### 15. Insurance Programs

Three Crown corporations operate insurance programs as agents of Her Majesty. These programs are intended to be self-sustaining, but in the event that the corporations do not have sufficient funds to meet their obligations, the Government provides the required financing through appropriations, either budgetary or non-budgetary. The Government is of the opinion that no allowance need be established in its financial statements for these insurance programs.

The Canada Deposit Insurance Corporation (CDIC) provides insurance on deposits with member banks and trust and loan companies for up to \$60,000 per depositor per institution. Total insured deposits at March 31, 1992 were \$302,335 million (\$291,400 million at March 31, 1991). The Corporation is self-funded through assessment of premiums from members and there is no legislative requirement for the Government to supply any funding other than through interest-bearing loans. Although there is now a deficiency in the Deposit Insurance Fund of \$635 million (\$679 million at March 31, 1991), the Corporation has reduced the balance from a high of \$1,269 million in 1987.

Subsequent to March 31, 1992, CDIC entered into negotiations to facilitate the acquisition by the Toronto Dominion Bank of most of the assets and all of the deposit liabilities of the Central Guaranty Trust Company and Central Guaranty Mortgage Corporation. CDIC is also negotiating financial arrangements in relation to the residual assets not included in the agreement with the Toronto Dominion Bank. Both of these transactions involve significant contingent liabilities to CDIC which might create a future requirement for the Government to provide additional loans to CDIC. Because the transactions were not concluded when these financial statements were prepared, the amount of exposure to CDIC is not yet determined.

The Government is of the opinion that, based on current information CDIC will, over time, be able to eliminate its deficiency in its Deposit Insurance Fund, and meet its liabilities to the Government, without budgetary support from the Government.

The Canada Mortgage and Housing Corporation administers the Mortgage Insurance Fund (MIF). The MIF provides insurance for mortgage lending on Canadian housing by private institutions. Insurance in force at March 31, 1992 was \$62,352 million (\$53,680 million at March 31, 1991). Budgetary financial assistance is provided by the Government only to the extent required. The MIF's surplus at March 31, 1992 was \$99 million (\$187 million in 1991) and the excess of receipts over disbursements has resulted in investments in securities of \$1,198 million at March 31, 1992 (\$965 million in 1991).

<sup>(1)</sup> Figures for 1991 are for one year increments for 1992 to 1997 and subsequently.

<sup>(1)</sup> Figures for 1991 are for one year increments for 1992 to 1996 and for five years increments for 1997 to 2026.

The Export Development Corporation provides export and foreign investment insurance for the purpose of facilitating and developing export trade. Insurance in force at March 31, 1992 was \$5,512 million (\$4,999 million in 1991). The Corporation's premium revenues have been adequate to provide for the full costs of claims experienced to date and to establish an allowance for possible future claims based on past claims experience.

This information has not been audited since the information provided is derived from interim financial statements of the three corporations. The most recent annual financial statements of these corporations and their insurance funds can be found in the President of the Treasury Board's Annual Report to Parliament on Crown Corporations and Other Corporate Interests of Canada. Details (unaudited) of the transactions for these three insurance programs for the year ended March 31, 1992 can be found in Section 11 of this volume.

#### 16. Contingent Liabilities of the Government of Canada

The contingent liabilities of the Government consist of potential losses from the exercise of explicit guarantees and from claims and pending and threatened litigation related to native land claims and treaty rights, breach of contract, damages to persons and property, and like items. If they become actual liabilities, they are recorded in the accounts in the fiscal year in which that occurs. Specific amounts are reported when available. Where specific amounts are not available, estimates of potential liability are used, if determinable. Items for which no reasonable estimate can be made are not included.

The amounts are summarized as follows:

	(in millions	of dollars)
	1992	1991
i) Explicit guarantees by the		
Government:		
Borrowings by non-agent Crown	(1)	O.
corporations		
Borrowings by other than Crown		
corporations	6,104	5,708
Insurance programs of the Government	1,061	1,034
Other explicit guarantees	824	2,252
ii) Claims and pending and threatened		
litigation	16,180	15,856
iii) Comprehensive native land		
claims	1.957	1.248
iv) Consolidated Crown corporations	100	82
(v) Consolidated Crown corporations	100	
	26,226	26,180

Further details (unaudited), including particulars of explicit guarantees, authorized limits and information on previous claims, unquantified items and letters of comfort, can be found in Section 11 of this volume.

(1) Less than \$500,000.

Contingent liabilities with respect to international development assistance are discussed in Note 9 iii.

#### Explicit guarantees

These are amounts guaranteed by specific agreement or legislation. Insurance programs of agent Crown corporations are not considered to be contingent liabilities since they are currently supported by fees or premiums and are intended to be self-funding. Amounts represented by letters of comfort are not included since they are not explicit guarantees of payment.

#### Claims and pending and threatened litigation

This category includes claims received and claims which are actually under litigation, or may be litigated, for which specific amounts are claimed or potential settlements can be quantified. It includes amounts in respect of native claims, breach of contract, expropriation, losses or damage related to property, claims related to equal pay for work of equal value, and like items. A major part of these claims is made up of native claims related to statutory and treaty obligations. Approximately five hundred and five of these claims have not been quantified and are thus not included.

In fiscal periods prior to April 1, 1991, the Government established an allowance related to potential obligations under equal pay for work of equal value. These obligations would be assessed through a comprehensive study to implement the principle of equal pay for work of equal value in the federal public service.

In 1990, as a result of this study, the Government paid more than \$317 million in retroactive lump-sum payments to public service employees whose rates of pay were found to be below those of predominately male groups doing work of equal value. In addition, ongoing equalization payments amounting to \$81 million are made yearly. The Government believes that the amounts it has paid, and is continuing to pay, are fair. In November 1990, further equal pay complaints were referred to a Canadian Human Rights Tribunal. The Government considers that it has fully met its obligations under the Canadian Human Rights Act and, in February 1992, announced that no further payments would be made in respect of the period before November 1, 1990.

During the year ended March 31, 1992, the Government reduced its allowance by \$1,003 million as a result of the policy to limit retroactive payments to the period after the complaints were formally referred to a Tribunal in November 1990. The reduction in the allowance was credited to other program expenditures. An analysis of these expenditures is presented in Note 5iii.

#### Comprehensive native land claims

This category consists of claims where no treaty exists and includes claims which have been negotiated and are awaiting ratification by the recipient groups involved. Some thirty-five claims which are in negotiation or under review have not yet been quantified and are not included.

#### PUBLIC ACCOUNTS, 1991-92

#### Consolidated Crown corporations

These are the contingent liabilities of Crown corporations whose revenues, expenditures, assets and liabilities are reported with those of the Government.

#### Environment

The Government's commitment to sustainable development for Canada has been expressed in The Green Plan. As part of this Plan, the Government has adopted a Code of Environmental Stewardship covering all areas of its operations. The Code will be complemented by a list of targets or objectives reflecting environmental commitments that the Government has made or is making and that will be implemented in its operations. They will cover a broad range of issues, from real property management and waste generation to contaminated site clean-up. The cost to the Government of these commitments is not determinable at this time.

Although some environmental audits have been undertaken by certain departments, many more will be required in order that the Government can make an overall assessment of the financial implications of its environmental obligations and of the accounting policy changes which may be required to disclose them. This assessment, which will be subject to and depend on evolving public policy and legislation, is expected to take a number of years to complete.



# OPINION OF THE AUDITOR GENERAL ON THE FINANCIAL STATEMENTS OF THE GOVERNMENT OF CANADA

To the House of Commons

I have audited the statement of assets and liabilities of the Government of Canada as at March 31, 1992 and the statements of revenue and expenditure, accumulated deficit, changes in financial position and transactions for the year then ended. These financial statements are the responsibility of the Government. My responsibility is to express an opinion on these financial statements based on my audit, as required by section 6 of the Auditor General Act.

I conducted my audit in accordance with generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting policies used and significant estimates made by the Government, as well as evaluating the overall financial statement presentation.

In my opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Government of Canada as at March 31, 1992 and the results of its operations, the changes in its financial position and its financial requirements for the year then ended, in accordance with the stated accounting policies of the Government of Canada as set out in Note 1 to the financial statements. As required by section 6 of the Auditor General Act, I also report that, in my opinion, these stated accounting policies have been applied, in all material respects, on a basis consistent with that of the preceding year.

Additional information and comments on the financial statements and this opinion are included in my observations at the end of this section.

L. Denis Desautels, FCA Auditor General of Canada

Ottawa, Canada October 5, 1992

### SUPPLEMENTARY STATEMENTS

In the February 1991 budget, the Government introduced measures aimed at improving its financial and economic position. These measures included proposals for a Spending Control Act and a Debt Servicing and Reduction Account Act. On June 18, 1992, both Acts were passed by Parliament with implementation for the 1991-92 fiscal year.

The intention of these Acts is to limit program spending. The Spending Control Act deals with limiting program spending for

the period from 1991-92 to 1995-96 inclusive to the levels projected in the February 1991 budget. The Debt Servicing and Reduction Account Act calls for certain revenues including the Goods and Services Tax (GST) to be used to service the public debt and not to fund new program spending. Transactions in respect of both Acts are reported in the following two statements.

# Statement Required under the Spending Control Act

#### AUDITOR'S REPORT

To the House of Commons

I have audited the statement required under section 6 of the Spending Control Act for the year ended March 31, 1992. This financial statement is the responsibility of the Government. My responsibility is to express an opinion on this financial statement based on my audit, as required by section 8 of the Spending Control Act.

I conducted my audit in accordance with generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statement is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement. An audit also includes assessing the accounting policies used and significant estimates made by the Government, as well as evaluating the overall financial statement presentation.

In my opinion, the accompanying financial statement presents information fairly, in all material respects, in accordance with the Spending Control Act and the stated accounting policies of the Government of Canada as set out in Note 2 of the financial statement.

Additional information and comments on the financial statement and this opinion are included in my observations at the end of this section.

L. Denis Desautels, FCA
Auditor General of Canada

Ottawa, Canada October 5, 1992

# Statement by the Minister of Finance respecting compliance with the Spending Control Act for the year ended March 31, 1992

(in thousands of dollars)

Total expenditure for the year		156,674,677
Less:		
Public debt charges	41,230,511	
Expenditures under the Unemployment Insurance Act		
Benefits	18,125,355	
Administration	1,207,256	
Expenditures under the Farm Income Protection Act		
Advances to the Crop Reinsurance Fund	51,500	
Advances to a Revenue Insurance Fund and provincial revenue		
insurance program or gross revenue insurance program	15,900	
Expenditures related to events occurring prior to		
April 1991	240,974	
		60,871,496
Program spending subject to spending control		95,803,181
Spending limit for the year		97,200,000
inderspending for the year		-1,396,819

The accompanying notes are an integral part of this statement.

#### 2.26 AUDITED FINANCIAL STATEMENTS OF THE GOVERNMENT OF CANADA

# Notes to the Statement by the Minister of Finance respecting compliance with the Spending Control Act

#### 1. Authority and Objective

The statement is required by the Spending Control Act which received Royal Assent on June 18, 1992. Section 6 of the Act requires that for each controlled fiscal year, a statement by the Minister of Finance respecting compliance with this Act in that year, be reported in the Public Accounts. This Act covers fiscal years 1991-92 to 1995-96 inclusive.

The objective of the Spending Control Act is to ensure that the program spending over the 1991-92 to 1995-96 period will not, except under prescribed circumstances, exceed the limits established in the Act.

#### 2. Significant Accounting Policy

The following accounting policy conforms to the stated accounting policies of the Government.

#### Expenditure

Expenditures are reported on the accrual basis of accounting and conform to the amounts reported in the Statement of Revenue and Expenditure of the Government of Canada.

#### 3. Spending Limit of the Fiscal Year

Pursuant to section 4 of the Spending Control Act, the spending limit for a fiscal year can be modified. In compliance with this section, the President of the Treasury Board may certify that a proposed increase in expenditures for a specific program is justified. This situation applies only when an increase in expenditures results in an equivalent increase in revenues that would not otherwise occur. In 1991-92, there were no supplementary expenditures pursuant to section 4.

#### 4. Excess or Underspending

Where program spending exceeds the spending limit for a fiscal year, the excess must be offset through reduced spending in the following two years.

Where the spending limit for a fiscal year exceeds program spending, the Minister of Finance may partially or fully allocate the excess to a subsequent fiscal year.

#### 5. Comparative Information

Since the Spending Control Act only became effective starting with fiscal year 1991-92, there is no comparative information for 1990-91.

#### Debt Servicing and Reduction Account Statement of Transactions

#### AUDITOR'S REPORT

To the House of Commons

I have audited the statement of transactions of the Debt Servicing and Reduction Account for the year ended March 31, 1992. This financial statement is the responsibility of the Government. My responsibility is to express an opinion on this financial statement based on my audit, as required by section 9 of the Debt Servicing and Reduction Account Act.

I conducted my audit in accordance with generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statement is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement. An audit also includes assessing the accounting policies used and significant estimates made by the Government, as well as evaluating the overall financial statement presentation.

In my opinion, the accompanying financial statement presents fairly, in all material respects, the transactions of the Debt Servicing and Reduction Account for the year ended March 31, 1992 in accordance with the Debt Servicing and Reduction Account Act and the stated accounting policies of the Government of Canada as set out in Note 2 to the financial statement.

Additional information and comments on the financial statement and this opinion are included in my observations at the end of this section.

L. Denis Desautels, FCA
Auditor General of Canada

Ottawa, Canada October 5, 1992

# Debt Servicing and Reduction Account Statement of Transactions for the year ended March 31, 1992

(in thousands of dollars)

mounts credited Goods and services tax gross revenue		28.760.476
Gain on disposal of shares or interest in Crown		20,700,770
corporations on wind-up		2,497
Gifts to the Crown		389
		28.763.362
nounts charged		
Goods and services tax refunds and rebates		11,329,932
Goods and services tax quarterly tax credits		2,262,083
Public debt charges	41,230,511	
Less: amount in excess of the Account's balance	26,059,164	
		15,171,347

The accompanying notes are an integral part of this statement.

# Notes to the Statement of Transactions of the Debt Servicing and Reduction Account

#### 1. Authority and Objective

On June 18, 1992, the Debt Servicing and Reduction Account Act received Royal Assent. Section 8 of the Act requires that the Public Accounts for the 1991-92 and each subsequent year contain a statement setting out the transactions in that year with respect to the Debt Servicing and Reduction Account.

The objective of the Debt Servicing and Reduction Account Act is to apply certain Government revenues against charges associated with the public debt. These revenues include Goods and Services Tax (GST), certain gains on disposals of investments in Crown corporations, and gifts to the Crown. The transactions recorded in the Account have been paid into or charged against the Consolidated Revenue Fund, and the Account is consolidated in the summary financial statements of the Government.

#### 2. Significant Accounting Policies

The following accounting policies conform to the stated accounting policies of the Government.

#### i. Amounts credited to the Account

The Government generally reports GST revenue in the year in which it is received.

Gain on sale of shares in Crown corporations, gain on disposal of shares or interest on wind-up of Crown corporations and gifts to the Crown are reported in the year in which the transactions or events that give rise to these revenues occur.

#### ii. Amounts charged to the Account

The GST refunds and rebates are allocated to the year in which they are paid. The GST quarterly tax credits are charged in the first month of the quarter to which they relate.

Public debt charges include costs incurred by the Government during the year in servicing, issuing, repayment, discharge or settlement of a debt, under the authority of a borrowing authority act.

#### 3. Comparative Information

Since the Debt Servicing and Reduction Account Act only became effective for the 1991-92 fiscal year, there is no comparative information for 1990-91.

#### SUPPLEMENTARY INFORMATION

# OBSERVATIONS BY THE AUDITOR GENERAL ON THE

# AUDITED FINANCIAL STATEMENTS OF THE GOVERNMENT OF CANADA, THE STATEMENT OF TRANSACTIONS OF THE DEBT SERVICING AND REDUCTION ACCOUNT AND

# THE SPENDING CONTROL ACT STATEMENT

#### Introduction

The Audited Financial Statements of the Government of Canada for the year ended March 31, 1992, and my audit opinion on them, comprise the first part of this Section. Also included in this section are two supplementary statements that the Government is publishing for the first time, and my audit opinions on each. These supplementary statements are the Statement Required under section 6 of the Spending Control Act and the Statement of Transactions of the Debt Servicing and Reduction Account. In this part of Section 2, I present additional information and comments on these three sets of financial statements and my related audit opinions.

The mandate for my audit of the financial statements of the Government of Canada is contained in section 6 of the Auditor General Act. It states that "the Auditor General shall examine the several financial statements required by section 64 of the Financial Administration Act to be included in the Public Accounts, and any other statement that the President of the Treasury Board or the Minister of Finance may present for audit and shall express his opinion as to whether they present fairly information in accordance with stated accounting policies of the federal Government and on a basis consistent with that of the preceding year together with any reservations he may have".

The mandate for my audit of the Spending Control Act Statement is contained in section 8 of the Spending Control Act. It states that "In auditing the accounts of Canada, the Auditor General of Canada shall examine the statement referred to in subsection 6(1) and shall give an opinion, with any reservations that the Auditor General may have, as to whether the statement fairly presents information in accordance with this Act and the stated accounting policies of the Government on a basis consistent with that of the preceding year". Subsection 6(1) of the Spending Control Act states that "The Public Accounts for each controlled fiscal year shall contain a statement by the Minister (of Finance) respecting compliance with this Act in that year". (Words in brackets added)

The mandate for my audit of the Statement of Transactions of the Debt Servicing and Reduction Account is contained in section 9 of the Debt Servicing and Reduction Account Act. It states that "In auditing the accounts of Canada, the Auditor General of Canada shall examine the statement referred to in section 8 and shall give an opinion, with any reservations that the Auditor General may have, as to whether the statement fairly presents information in accordance with this Act and the stated accounting policies of the Government on a basis consistent with that of the preceding year". Section 8 of the Debt Servicing and Reduction Account Act states that "The Public Accounts for the 1991-92 and each subsequent fiscal year shall contain a statement setting out the transactions in that year in respect of the Debt Servicing and Reduction Account".

In the observations that follow, I comment on how important it is to have credible and understandable financial statements, particularly as steps are taken by the Government to reduce its deficits and debts. I also explain in more detail what my audit opinions on the three sets of financial statements in this section mean and how I arrived at them.

#### The Importance of Credible and Understandable Financial Statements

For many years, this section of the Public Accounts has included Audited Financial Statements for the Government as a whole. Most countries, including the United States and Great Britain, do not publish overall audited financial statements. New Zealand has only recently begun to do so. Clearly, Canada is at the forefront internationally for this type of reporting.

And yet, in the past 15 years, Auditors General have only twice -- in 1990 and again this year -- provided an audit opinion without Reservation on the Government's overall financial statements.

In my view, the Government's Audited Financial Statements are a primary accountability report to the people of Canada. As such, they should provide Members of Parliament and others who read them with a clear picture of the Government's financial condition at a point in time. The financial statements should also show whether the government's financial condition has improved or deteriorated over time, and whether this is likely to cause difficulties down the road.

To do this, the Audited Statements must be <u>credible</u> and <u>understandable</u>. Otherwise, steps to improve the Government's financial condition -- steps to reduce deficits and debts -- could be frustrated, and may even fail. To be credible, information must reflect financial reality. To be understandable, information must be readily grasped by people with a reasonable knowledge of the Government and its activities.

If we ask a medical doctor for help in curing an illness and then hide certain information from him, the doctor's diagnosis may be frustrated and the illness may persist. But an accurate diagnosis is only part of the cure. The doctor must also prescribe a treatment and explain the problem so that we can understand the consequences of failing to follow the doctor's advice.

The Canadian Institute of Chartered Accountants' Public Sector Accounting and Auditing Committee (PSAAC) is developing and recommending generally accepted accounting principles (GAAP) appropriate for Canadian governments. Public sector GAAP should help make the Government's financial statements more credible by providing objective standards of good accounting and reporting practice that the Government can use in preparing its financial statements and against which I can audit.

In my judgment, the Government's financial statements would be more <u>understandable</u> if they were presented in a comprehensive but succinct annual financial report, similar to the annual reports published by corporations in the private sector. Properly crafted, concise annual financial reports would help inform Canadians about the Government's financial condition in terms they could understand.

The Department of Finance already publishes "The Fiscal Monitor" at the end of each quarter and at year end. This concise summary of financial results is attractively presented, and contains tables, charts and text designed to help users obtain "the big picture" without getting buried in massive amounts of detail. In my view, the Government's Audited Financial Statements should be presented with the same concern for clarity.

Last year, I suggested that the Government consider publishing a "scorecard" -- a comparison of actual results with budget forecasts -- to inform Canadians about the Government's performance in carrying out its action plan for deficit reduction. An annual financial report would be an ideal document within which to publish such information.

I encourage the Government to implement fully the recommendations of PSAAC and to present its financial statements in a concise annual financial report, at the earliest possible date. Although the Public Accounts Committee (PAC) has endorsed these two suggestions, they have not yet been implemented.

For example, as explained in Note 1 (ii) to the Audited Financial Statements, the Government's investment in what are called "Enterprise Crown corporations" continues to be accounted for by the cost method rather than by the modified equity method that PSAAC recommends. I comment further on this matter under the heading "Investing in corporations". And the Government's Audited Financial Statements continue to be presented in the Public Accounts, a two-volume set of documents of massive proportions, without adequate explanatory information in plain language and relevant analyses such as a "scorecard".

On March 13, 1992, the PAC tabled its Fifth Report in the House of Commons. The Report dealt with my audit of the Government's 1991 Financial Statements, and contained six specific recommendations. The Committee's recommendations supported fully the recommendations that I had made in my audit opinion and observations on the Government's 1991 statements.

On July 28, 1992, the President of the Treasury Board wrote to the Chairman of the PAC to respond on behalf of the Government to the Committee's Fifth Report. Five of the PAC's six recommendations were not accepted by the Government. The Fifth Report and the Government's response are reproduced at the end of these Observations in Appendices 1 and 2 respectively.

I find it troubling that the Government should disregard in this manner the advice and recommendations of the Public Accounts Committee.

It seems to me that credible accounting and understandable reporting will become even more important in future years. The new Spending Control Act illustrates the point.

Under that Act, limits are established on one type of Government spending -- something called "program spending" -- for the years 1992 through 1996 inclusive. The limits do not apply to other ways in which the Government carries out programs, such as by:

- (i) making loans to individuals, corporations, other governments and other entities;
- (ii) investing in corporations;
- (iii) making disbursements but offsetting them against revenues, as in the case of the child tax credit;
- (iv) making loan guarantees; and
- (v) foregoing revenues, as with "tax expenditures".

For the Spending Control Act to have any teeth, "program spending" must be accounted for and reported properly. It must not be artificially reduced by being inappropriately charged to loans or investments, or offset against revenues. And full disclosure must be given to changes in the manner of delivering programs, particularly where program spending is replaced by either loan guarantees or tax expenditures. These are not just hypothetical concerns of interest only to students of Government accounting. Problems can happen. Consider the following paragraphs, which relate to the five exceptions to spending control noted above.

Making loans. The Government provides assistance to others in a variety of ways, ranging from outright grants to commercial-like loans. Grants are included in program spending and loans are not. If loans are written down to recognize risk of loss, the reduction forms part of program spending. I am concerned, however, that there may be an impediment to writing down certain Government loans -- those made to other sovereign states -- that could understate program spending and distort spending control. In 1990, the Government established an allowance for general contingencies that had the effect of reducing the reported value of loans to sovereign states to recognize risk of loss. However, since 1990, the Government has not re-assessed this risk on a regular basis and adjusted the allowance for general contingencies as may be required. I believe that it should. This year, my audit revealed that the allowance was slightly below what we considered to be the minimum acceptable amount. Although the shortfall was not material in 1992, it may become so in future years if the Government does not take action.

Investing in corporations. PSAAC recommends that enterprise Crown corporations be included in the Government's financial statements on what is known as the "modified equity" basis of accounting. This would require enterprise profits (or losses) to be included in the Government's financial statements as soon as they are earned (or incurred). Thus, the Government would not be able to defer recognition of enterprise profits or losses to future years. The Government, however, uses the much less rigorous "cost" method of accounting for enterprise Crown corporations. Profits (or losses) are only included in the Government's financial statements when they are paid over (or reimbursed). As a consequence, corporate losses incurred in one year might not be recognized until a later year, which would distort not only program spending but also the Government's overall financial position. Adoption of PSAAC's modified equity basis of accounting for these corporations would overcome this problem.

Offsetting disbursements against revenues. For many years, the Government has offset disbursements under the Child Tax Credit program against personal income tax revenues. In my view, and that of the previous Auditor General, such disbursements are, in substance, "program spending" and should be reported as such. I have not added a Reservation to my opinion on the Government's Audited Financial Statements with respect to this practice because to date it has been used sparingly, because there is no effect on the reported deficit for the year and because details of amounts offset against personal tax revenues are provided in a note to the Statements (Note 4). I have not added a Reservation to my opinion on the Spending Control Act Statement because, under that Act, expenditure for the year is defined to be the amount reported in the Audited Financial Statements. However, I continue to believe that offsetting disbursements against revenues is undesirable because it hides from public view significant Government activities. (So too does offsetting revenues against disbursements -commonly called vote netting -- unless grossed-up figures are published and used.) This concern will be exacerbated next year with the introduction of the new child benefit program which will replace the existing child tax credit and family allowance programs. Payments under the new program will begin in January 1993. The Government has announced that they will be offset in full against personal income tax revenues rather than being reported as program spending. I disagree with this proposed accounting treatment. I encourage the Government to avoid using this type of inappropriate accounting.

Making loan guarantees. In addition to programs delivered through direct expenditures, the Government also provides a variety of loan guarantees. Although the guarantees are disclosed as contingent liabilities in a note to the Audited Financial Statements (Note 16), the Government's stated accounting policies generally do not require the guarantees to be recorded as expenditure until they are honoured. In my view, this is too late. If it is likely that a guarantee will have to be honoured, and if the amount of loss to the Government can be reasonably estimated, it seems to me that an expenditure should be recorded. This would

provide a more complete picture of the Government's financial position at a particular point in time and a more complete measure of program spending for comparison with spending limits. Government officials acknowledge that the stated accounting policies may not be appropriate and they propose to review the existing policies and practices with a view to establishing a new policy to fairly reflect loan guarantee costs in the summary financial statements of the Government.

Tax expenditures. The Government also delivers programs by foregoing revenues. For example, the Canadian income tax system contains a number of special provisions for the taxation of individuals and corporations based on sources of income, on uses to which income is put, or on the types of taxpayer. These selective tax measures take the form of tax exemptions, deductions, credits, reduced tax rates and tax deferrals. Because such tax measures can be used as substitutes for direct expenditures in the pursuit of public policy goals, they are commonly referred to as tax expenditures. Unlike direct expenditures, tax expenditures are all but invisible. Although it would not be appropriate to report them on the statement of revenue and expenditure, I believe that tax expenditures should be disclosed on a regular basis in a note or supplementary table. Otherwise, it is difficult for Canadians to obtain a complete picture of the nature and extent of the Government's activities, and of the options that may exist to re-shape the Government to reduce deficits and accumulated debt. In addition, if the delivery of a significant program is converted from direct expenditure to tax expenditure, it would appear to fall outside the provisions of the Spending Control Act.

In summary, the Government's present financial condition makes it crucial for its financial statements to be both credible and understandable. Implementing PSAAC recommendations and strengthening the accounting and reporting practices noted above should make the Government's financial statements much more credible. And presenting the financial statements in a concise annual financial report, with adequate analyses in plain language and other relevant information such as a "scorecard", should make the statements much more understandable. I urge the Government to improve its accounting policies and reporting practices at the earliest possible date, and to respond in a more positive manner to the needs and recommendations of the Public Accounts Committee.

#### What My Audit Opinions Mean and How I Arrived at Them

This section of Volume I of the Public Accounts contains three sets of financial statements and my audit opinion on each. The statements are:

- the Audited Financial Statements of the Government of Canada;
- the Statement Required under section 6 of the Spending Control Act [the Spending Control Act Statement]; and
- the Statement of Transactions of the Debt Servicing and Reduction Account.

My audit opinions on these financial statements consist of three paragraphs. The first, commonly referred to as the "introductory" paragraph, identifies the statements that I have examined and reported on, and the responsibilities of the Government and of my Office in relation thereto. The second "scope" paragraph provides a summarized explanation of generally accepted auditing standards, including the key concepts of "reasonable assurance" and "material misstatement". The third paragraph, commonly called the "opinion" paragraph, contains my overall conclusion on the financial statements.

**The introductory paragraph.** The introductory paragraph begins by listing the financial statements covered by my opinions. It is important to note that my audit opinions relate only to the financial statements and related notes contained in Section 2 of Volume I of the Public

Accounts of Canada. They do not extend to the more detailed information presented in other sections of the Public Accounts Volume I or to Volume II.

The introductory paragraph concludes by confirming that the financial statements are the responsibility of the Government, and that my responsibility is to express an opinion on them.

The scope paragraph. In this paragraph, I state that my audit work on the Government's financial statements has been conducted according to generally accepted auditing standards prescribed by the Canadian Institute of Chartered Accountants. I use these standards to ensure that my audit is conducted with appropriate rigor and professionalism.

The opinion paragraph. The opinion paragraph contains my overall opinion about three matters. For the Audited Financial Statements of the Government of Canada, these matters are:

- whether the statements may be relied on to present fairly the Government's financial position, results of operations, changes in financial position and financial requirements;
- whether the statements were prepared in accordance with the Government's stated accounting polices; and
- whether the stated accounting policies were applied on the same basis as in the preceding year.

For the Spending Control Act Statement and the Statement of Transactions of the Debt Servicing and Reduction Account, my conclusions relate to:

- · whether the statements present information fairly;
- whether the statements present information in accordance with the Acts that create them; and
- whether the statements were prepared in accordance with the Government's stated accounting policies.

There is no mention of consistency in these latter two opinions because the statements are being published for the first time.

To present information fairly, the financial statements must be free of material misstatement. When determining what constitutes a misstatement, there must be standards against which my judgments can be made. The Government's stated accounting policies, certain recommendations of PSAAC and, for the Spending Control Act Statement and the Statement of Transactions of the Debt Servicing and Reduction Account, the provisions of enabling legislation, are the standards that I have used this year.

There is a good deal of judgment required in preparing and auditing summary financial statements for an entity the size of the Government of Canada. Many of the significant amounts reported in the financial statements, such as allowances for various assets and liabilities and employee superannuation accounts, are based on estimates made by the Government. These accounts are inherently imprecise. When considering whether misstatements exist in them, I determine a range of values for each such account that I believe would be reasonable. If the balance of the account as determined by the Government falls within my range, I conclude that there is no misstatement.

If I conclude that, in the aggregate, the financial statements are free of material misstatement, I report that information is "presented fairly". If the statements are materially misstated, I add supporting "reservations" to explain why.

In planning my audit of each of the three sets of financial statements included in this section of Public Accounts Volume I, I consider two main factors. The first is a dollar figure called "materiality"; the second is the nature, extent and timing of the work required. My audit work on these financial statements takes into account the basic requirement that the Government comply with parliamentary authorities to spend, borrow and raise revenues.

**Materiality**. As discussed above, to present information fairly the financial statements must be free of material misstatement. This concept is explicitly referred to in both the scope paragraph and the opinion paragraphs of my audit opinions.

The aggregate of all misstatements is considered material if, in the light of surrounding circumstances, it is probable that the misstatements would change or influence the decision of a person who is relying on the financial statements. In saying this, I assume that the person is someone with reasonable knowledge of the Government and its activities. I will include a reservation in my audit opinion if I believe that the aggregate of all misstatements in the financial statements exceeds the materiality levels established.

I planned my audit of the Audited Financial Statements of the Government of Canada to detect misstatements that affect the deficit for the year or amounts charged to appropriations if the misstatements aggregate to more than \$600 million. (While this is a large amount in absolute dollars, it represents only one-half of one percent of total expenditure, or two percent of the deficit for the year.) Larger amounts are used for other misstatements, such as those affecting contingent liabilities and other items disclosed in notes to the financial statements.

My audits of the Spending Control Act Statement and the Statement of Transactions of the Debt Servicing and Reduction Account were planned to detect misstatements in reported expenditure and revenue that aggregate to more than \$600 million and \$400 million respectively. Larger amounts are used for other misstatements.

It should be noted that my audit is designed to detect individual misstatements that are smaller than the aggregate amounts shown above. As a consequence, misstatements less than \$600 million (or \$400 million) will be identified. Should I believe that any of these would cause the decisions of readers to be changed or influenced, I would request the Government to take corrective action. If the misstatement is not corrected, I would consider adding a reservation to my audit opinion.

The nature, extent and timing of the work required. In conducting my audits of the three sets of financial statements contained in this section, I cannot be 100 percent certain that they will reveal all misstatements in the financial statements that, individually or in the aggregate, may be material. The size and complexity of the Government, as well as cost considerations, make it impractical for me to examine all or even most of the approximately \$1.5 trillion worth of individual transactions entered into during the year.

Generally accepted auditing standards require that I have "reasonable assurance" that my audits will reveal misstatements aggregating to more than the predetermined materiality levels. I planned my audits of the Audited Financial Statements of the Government of Canada, the Spending Control Act Statement and the Statement of Transactions of the Debt Servicing and Reduction Account to achieve a high level of overall audit assurance.

To obtain the desired level of assurance, I verified samples of transactions and account balances, performed analyses, confirmed year-end balances with third parties and reviewed significant internal controls.

What this amounts to is exercising professional judgment about how much auditing is required to provide the desired level of assurance to the users of the statements that they can rely on the reported results.

#### APPENDIX 1

#### REPORT TO THE HOUSE

Friday, March 13, 1992

The Standing Committee on Public Accounts has the honour to present its

#### FIFTH REPORT

In accordance with Standing Order 108(3)(e), the Committee has examined the Public Accounts of Canada for 1990-91, in particular Volume I, Section 2 (Audited Financial Statements of the Government of Canada).

#### Background

Pursuant to the *Auditor General Act*, the Auditor General is responsible for examining the financial statements of the government to ensure that "they present fairly information in accordance with stated accounting policies of the federal government and on a basis consistent with that of the preceding year" (s. 6 of the *Auditor General Act*). Following the latest audit, the Auditor General issued three major reservations about the Public Accounts of Canada for 1990-91. They deal with what he considers to be improper accounting for, income tax collected on behalf of the provinces and territories, the impact of wage restraint on federal employee pensions and the reduction in the value of the federal investment in Petro-Canada. These three reservations cast into question the fairness of the government's financial statements. According to the Auditor General, had the government adjusted its financial statements for the matters reported in these three reservations, the deficit for 1991 would have increased by \$2 billion, liabilities would have increased by \$800 million and the accumulated deficit at the beginning of 1991 would have declined by approximately \$1.2 billion.

#### A. Accounting for income tax revenue collected on behalf of provinces and territories

The Public Accounts Committee is pleased with the Comptroller General of Canada's announcement that he plans to undertake a study of a method that would provide for an improved split of income tax collected between the federal and provincial governments.

Nevertheless, the Committee recommends:

that more accurate estimations of income tax revenue collected on behalf of provinces and territories be used when issuing the next Public Accounts of Canada for 1991-92.

#### B. Accounting for the effect of wage restraint on federal employee pensions

In light of the government's wage restraint provisions (more commonly known as "zero-three"), actuarial liability for federal employee pensions must be adjusted downward. To determine the value of future employee benefits and considering that wages are not increasing at the projected rate, the government must review employee pension liabilities accordingly. The required adjustment has been estimated by the government at \$1.367 billion.

The full amount of this reduction has been offset against the 1991 deficit. The problem is that the government has used accounting standards which it has interpreted in its own way. In this particular case, the government has used this method to determine the impact of wage restraint, as it believes its decision would result in a permanent reduction in employee pension liabilities.

This decision is based on the government's position that wage restraint represents a permanent reduction in the pension benefits likely to be paid to employees. The government is assuming that employee pensions have been permanently reduced and that federal employees will never recover the amounts lost during future rounds of collective bargaining because of financial pressures.

Had the government used the accounting practices suggested by the Public Sector Accounting and Auditing Committee (PSAAC) of the Canadian Institute of Chartered Accountants (CICA), that is if it had spread the effects of short-term wage restraint on employee pensions over the remaining working lives of employees rather than include them in the deficit of the current year, the actuarial impact of wage restraint would have been spread over a thirteen-year period.

The Public Accounts Committee believes that paragraph .55 of Public Sector Accounting Statement 5 (Accounting for Employee Pension Obligations in Government Financial Statements, November 1988) dealing with a plan curtailment cannot be interpreted differently. According to PSAAC, two events must come into play in order for a pension plan to be curtailed, namely: "an event that reduces significantly the expected years of future service of present employees or [one that] eliminates, for a significant number of employees, the accrual of defined benefits for some or all of their future services".

In the opinion of the Public Accounts Committee, short-term wage restraint is not conducive to the occurrence of either of these events. Furthermore, nothing guarantees that employees will not succeed in making up the shortfall resulting from wage restraint prior to their retirement. The future is too uncertain to make this kind of actuarial assumption. Even the government's Chief Actuary noted in his Actuarial Report on the pension plan for the Public Service, which was tabled in the House of Commons on October 11, 1991, that "because future economic conditions cannot be predicted with a high degree of probability, and because it is inadvisable to make large changes in assumptions from one actuarial review to the next...", underlying economic assumptions cannot be modified. In the Committee's opinion, the government is not applying the accounting and actuarial standards proposed by its Chief Actuary.

The Public Accounts Committee also heard testimony from two witnesses who explained generally accepted accounting principles. John Kelly, Director, Public Sector Accounting and Auditing of the Canadian Institute of Chartered Accountants, said that PSAAC Accounting Statement 5 was quite clear. When he appeared before the Committee on February 18, 1992, he stated:

[C]hanges in assumptions such as those related to future salary increases and the related experienced gains and losses are spread over the remaining working life of the employee group. The effects of these changes are spread because their impact on the determination or calculation of the pension obligation cannot be estimated with certainty. In my mind, a plan curtailment is a permanent change that reduces the size of the work force or changes the structure of the pension plan so the amount of future benefits is reduced. (Minutes of Proceedings and Evidence, Issue No. 17, page 7)

At the same meeting of the Committee, Joseph Weinstock, an actuary from William M. Mercer, stated:

In my experience, a wage restraint does not constitute a plan curtailment. (Issue No. 17, page 9).

The Public Accounts Committee is therefore of the opinion that the accounting method used by the Comptroller General in calculating the actuarial effects of wage restraints in the Public Accounts of Canada for 1990-91 contravenes PSAAC Accounting Statement 5. By not applying generally accepted accounting methods, the government is violating a principle of elementary financial prudence.

The Committee therefore recommends:

- (1) that the government correctly account for the actuarial liability associated with wage restraints, by not treating the repercussions of the *Public Sector Compensation Act* as a curtailment of the federal employees' pension plan. Consequently, the government must amortize this actuarial adjustment over a thirteen-year period, as is generally accepted in sound accounting practice;
- (2) that, as soon as possible, the government publish corrected financial statements for 1990-91 that perfectly account for the actuarial impact of wage restraints and correctly reflect the repercussions of wage controls spread over two years rather than three.

In addition, the Public Accounts Committee fears that the Comptroller General anticipated the passage of Bill C-29 (*Public Sector Compensation Act*) in preparing the Public Accounts of Canada. Such a procedure anticipates the intent of Parliament and is unacceptable; that this was the case is clear from the Comptroller General's error in assuming that wage restraints would be spread over three years, while in fact Parliament eventually adopted a policy of wage restraints spread over two years.

#### C. Reduction in the value of the federal government's investment in Petro-Canada

In July 1991, the federal government reduced its share in Petro-Canada from 100 to 80 per cent by selling shares at \$13 per share. In this way, the government revalued its remaining investment in Petro-Canada to correspond to this price. The sum of \$1.25 billion was deducted from the value of this asset. The government feels that the impact of this adjustment should not form part of the deficit for the current fiscal year and should be charged to a preceding fiscal year. The government considered it appropriate to apply the adjustment to the fiscal years during which the investment was made in Petro-Canada, that is, 1984. The Comptroller General thinks that the best way of reflecting these changes is to charge this adjustment to the years in which the investments were made.

The Public Accounts Committee is of the opinion that good accounting practice would require that this adjustment to asset valuation allowances be charged off to the current fiscal year, and that retroactive adjustments are unacceptable unless there has been an error in an entry or a change in accounting principles.

As the Auditor General noted before the Public Accounts Committee, the federal government's investment in Petro-Canada had been valuated downward two years previously and had been accounted for as a current year transaction. The Auditor General emphasized that, in his opinion, there was a contradiction between the accounting entry used in 1990-91 and the one used in similar circumstances in 1988-89. The Auditor General also noted that there was a risk of transactions disappearing if adjustments were made to previous years without valid reasons

The Public Accounts Committee therefore recommends:

(1) that the adjustment to the value of the federal government's investment in Petro-Canada be charged off to the 1990-91 fiscal year, the year during which it was identified:

# VETERANS' LAND ACT FUND ADVANCES

Advances have been made, under Parts I and III of the Veterans' Land Act, for the acquisition of land, permanent improvements, removal of encumbrances, purchase of stock and equipment, and protection of security. The total amount authorized to be outstanding at any time is \$605,000,000.

A provision equal to 1/10 of the benefits to veterans was established each year up to and including 1978-79. Since that time, a forecast of requirements has been performed each year, and provisions are established as necessary. These provisions are charged to budgetary expenditure and credited to the allowance for conditional benefits account. The allowance for conditional benefits account represents the accumulated net provisions for benefits to veterans in the form of forgiveness of loans authorized by the Veterans' Land Act. These benefits come into effect only after certain conditions are fulfilled by the veterans. At the end of 10 years, the conditions having been met, the accumulated provision is charged to the allowance for conditional benefits account, and credited to the veteran's loan account.

Table 6.16 summarizes the balances and transactions for advances to the Veterans' Land Act Fund.

**TABLE 6.16** 

#### VETERANS' LAND ACT FUND

	April 1/1991	Receipts and other credits	Payments and other charges	March 31/1992
	\$	\$	\$	\$
Veterans' Land Act Fund—  Advances	60,966,757 14,920	17,467,676	3,751,594 4,200	47,250,675 10,720
Total	60,951,837	17,467,676	3,755,794	47,239,955

### JOINT AND MIXED ENTERPRISES

Joint and mixed enterprises are entities with share capital owned jointly by the Government and other governments and/or organizations to further common objectives. This group records and/or reports the Government's loans, investments and advances to such entities. Additional information on these entities is provided in the President of the Treasury Board's Annual Report to Parliament on Crown Corporations and Other Corporate Interests of Canada.

Under the terms of Section 147 of the Bankruptcy Act, the Superintendent of Bankruptcy has received shares in a number of corporations in lieu of a cash levy payable to the Crown. The Government's purpose in sharing ownership in these corporations with other entities is not to further common operating objectives.

Table 6.17 presents a summary of the balances and transactions for the various types of loans, investments and advances to joint and mixed enterprises.

TABLE 6.17

JOINT AND MIXED ENTERPRISES

	April 1/1991	Receipts and other credits	Payments and other charges	March 31/1992
	\$	\$	\$	\$
Petro-Canada—Finance—(1)				
Capital stock—Common Preferred	3,326,354,321 972,771,853			3,326,354,321 972,771,853
	4,299,126,174			4,299,126,174
Other—				
Canarctic Shipping Company Limited—Transport				
Cooperative Energy Corporation-Energy, Mines and				
Resources	57,804,000			57,804,000
Lower Churchill Development Corporation Limited—				
Energy, Mines and Resources	14,750,000			14,750,000
National Sea Products Ltd—Finance	59,540,000			59,540,000
North Portage Development Corporation— Western Economic Diversification				
NPM Nuclear Project Managers Canada Inc— Energy, Mines and Resources				
Société du parc industriel et portuaire Québec-Sud— National Health and Welfare—Federal Office of Regional Development-Quebec	400			400
Telesat Canada—Finance	30,000,000			30,000,000
	162,094,400			162,094,400

4,461,220,574

4,461,220,574

<sup>(1)</sup> This account was previously reported in Table 6.3.

#### RESPONSES TO RECOMMENDATIONS

#### RECOMMENDATION A

Your Committee recommends that more accurate estimations of income tax revenue collected on behalf of provinces and territories be used when issuing the next Public Accounts of Canada for 1991-92.

#### RESPONSE

In 1990, the Government recognized that estimating techniques being used to determine the tax collection liability could be improved. With the participation of the Office of the Auditor General, the Government embarked on a project to improve the methods. This project was not complete when the 1990-91 Public Accounts were finalized, and therefore the Government continued to use the existing methodology. Although the project was not complete, the Auditor General felt that sufficient work had been done to improve upon the estimations. Using the new methods, he calculated that the Government had underestimated its tax revenues while overestimating the liability to the provinces by at least \$500 million. Notwithstanding the Auditor General's position, the Government decided to continue with the old estimating methodology because the study was not yet complete, the proposed methodology had not yet been proven and the old methodology resulted in a more conservative result for the federal government.

The Government has now completed the study and has confidence in the new methodology. It hopes to implement the new methodology in determining revenues and liabilities for the 1991-92 Public Accounts, thus fully complying with the recommendation of your Committee.

#### **RECOMMENDATION B1**

Your Committee recommends that the Government correctly account for the actuarial liability associated with wage restraints, by not treating the repercussions of the <u>Public Sector Compensation Act</u> as a curtailment of the federal employees' pension plan.

#### RESPONSE

Since employee pensions are based on actual earnings and actual earnings have been permanently reduced by the wage restraint program, the Government considers the effects of wage restraint to be a permanent reduction to the pension benefits eventually to be paid to employees. In effect, the equivalent of a pension plan curtailment has resulted from federal legislation. As such, it is incumbent upon the Government to record a lower pension liability on its balance sheet in order to fairly present its financial position.

The Auditor General contends that the wage restraint program does not constitute a permanent adjustment to the pension liability, but that it is merely a temporary wage adjustment which should be amortized over a 13-year period. It is his view that "...further adjustments will likely be required as employees approach retirement".

The Government disagrees with the Auditor General's view of the matter and considers the approach taken to most fairly present the financial position of the Government. Furthermore, the Government provided full details of the transactions in question, including dollar amounts, in the notes to the financial statements. This full disclosure allows a reader to calculate the effects of the adjustment and to interpret them for his or her own purposes. For these reasons, the Government does not propose to adopt the recommendation of your Committee.

#### **RECOMMENDATION B2**

Your Committee recommends that the Government publish corrected financial statements for 1990-91 to reflect the amortization over 13 years of the pension adjustment referred to above.

#### RESPONSE

The Government does not propose to adopt this recommendation because it believes it has properly accounted for the effects of wage restraint on employee pensions and it has disclosed full details of the transaction in the notes to the financial statements.

#### RECOMMENDATION C1

Your Committee recommends that the adjustment to the federal government's investment in Petro-Canada be charged off to the 1990-91 fiscal year, the year during which it was identified.

#### RESPONSE

The Government considers it appropriate to charge the excess costs of acquiring Petro-Canada to the years in which the investment was made. The rationale for this action is to recognize that the investment activity was the underlying economic event that gave rise to the excess value of the investment. The public trading of shares of Petro-Canada in July 1991 established the market value of the Government's investment. Prior to 1990-91, the Government had no way to measure the market value and therefore could not reflect the lower value on its balance sheet. As soon as a market value was established, the Government reflected that value in the years to which it applied. For these reasons, the Government believes it has appropriately accounted for its investment in Petro-Canada. Furthermore, the Government fully disclosed the details of the revaluation of the investment in Petro-Canada in the notes to the financial statements, thereby allowing a reader to measure the effects of the adjustment and to interpret them as required. Therefore, the Government does not propose to adopt the recommendation of your Committee.

#### **RECOMMENDATION C2**

Your Committee recommends that the Government publish corrected financial statements to reflect charging the Petro-Canada investment adjustment to the 1990-91 fiscal year.

#### RESPONSE

The Government does not propose to adopt this recommendation because it believes it has properly accounted for the adjustment to the value of the investment in Petro-Canada and it has disclosed full details of the transaction in the notes to the financial statements.

#### RECOMMENDATION C3

Your Committee recommends that the Government adopt accounting practices that respect recommendations of the Canadian Institute of Chartered Accountants (CICA) on accounting for investments in Crown corporations.

#### RESPONSE

The Government currently accounts for its investments in enterprise Crown corporations using the "cost" method. Under this method, the Government's investment is recorded at actual cost. While there is no direct recognition of profits or losses of corporations in the

financial statements of the Government, approximate profits and losses are reported through dividends received and through provision of allowances for permanent declines in the value of individual investments.

The Canadian Institute of Chartered Accountants recommends that governments use the "modified equity" method. Under this method, the profits (instead of dividends) and losses (instead of provisions) of corporations are reported in the Government's deficit. Dividend payments do not affect the deficit. Write-downs of investment values may still occur but would be rare since the Government would have already recognized the corporation's losses.

The two accounting methods produce somewhat similar results. The experience of the Government of Canada has been that the difference between the two methods has an immaterial effect on the financial statements. Consequently, the Auditor General has not deemed it necessary to make a reservation. Furthermore, the Government gives a full accounting of all Crown corporations in it's Annual Report to Parliament on Crown corporations and other governmental joint ventures. The Government prefers the cost method because it reflects its management policy with respect to Crown corporations. The Government deals with its Crown corporations on an arm's length basis, encouraging them to operate as independent enterprises while requiring accountability to Parliament through the provisions of the Financial Administration Act. Departments exert virtually no influence over the operation or management of these corporations. To combine the profits or losses of these corporations with the financial results of the remainder of the Government would be inconsistent.

At this time, the Government is not persuaded that the equity method of accounting for Crown corporations offers any benefits. Therefore, it proposes to continue using the cost method.

# section 3

1991-92 PUBLIC ACCOUNTS

# **Budgetary Revenue**

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Budgetary revenue	3.2
Revenue from outside parties by main classification	
Budgetary revenue in 1991-92	3.7
Tax revenue	3.7
Non-tax revenue	3.8

#### BUDGETARY REVENUE

Budgetary revenue consists of all tax and non-tax amounts which affect the annual surplus or deficit of the Government of Canada. Revenue is reported net of refunds, and excludes taxes collected on behalf of provinces and territories, and amounts credited to other liability accounts.

The Government generally reports tax revenue in the year in which it is received. Refunds are allocated to the year in which the processing cycle for the assessment of the related tax return has been started.

Tax revenue for a fiscal year includes receipts credited to the Receiver General for Canada by the Bank of Canada and the chartered banks by March 31st and amounts received by federal government offices by March 31st, but not deposited until April or not credited to the Receiver General until April. Tax revenue also includes amounts received in the mail on the first working day of April, except when it is clear that it was the remitter's intention to discharge an obligation arising in the new fiscal year.

The main factors affecting the flow of tax revenue are variations in economic conditions, changes in statutory tax rates, and changes in the base upon which the statutory tax rates are applied and taxes calculated. Although a taxpayer's income tax liability relates to a taxation year, collection of individual and corporation income taxes by payroll deductions and instalment payments results in a distribution of receipts throughout the year. Similarly, sales and excise taxes and duties are received on a regular basis throughout the year.

Non-tax revenue is reported in the year in which the transactions or events that gave rise to the revenue occur.

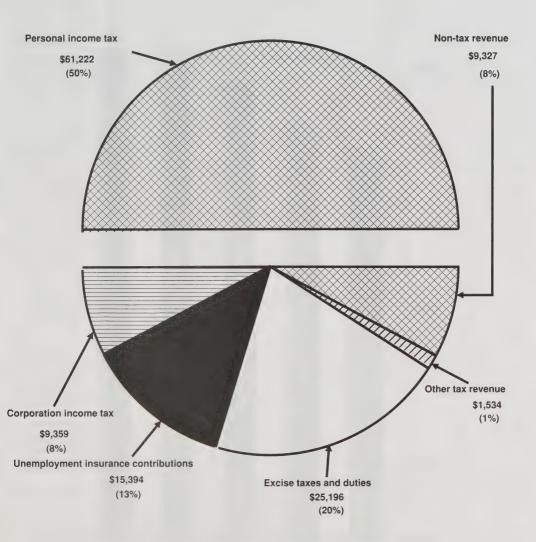
Revenue, both tax and non-tax, is reported on both a gross and net basis. The difference between the two is revenue from outside parties credited to appropriations and revenue of consolidated Crown corporations credited to expenditure.

## **Revenue from Outside Parties by Main Classification**

Chart A presents net revenue from outside parties by main classification for the current fiscal year while Chart B compares the net revenue from outside parties for the last five fiscal years.

# CHART A TOTAL NET REVENUE FROM OUTSIDE PARTIES BY MAIN CLASSIFICATION

(in millions of dollars)



# CHART B TOTAL NET REVENUE FROM OUTSIDE PARTIES

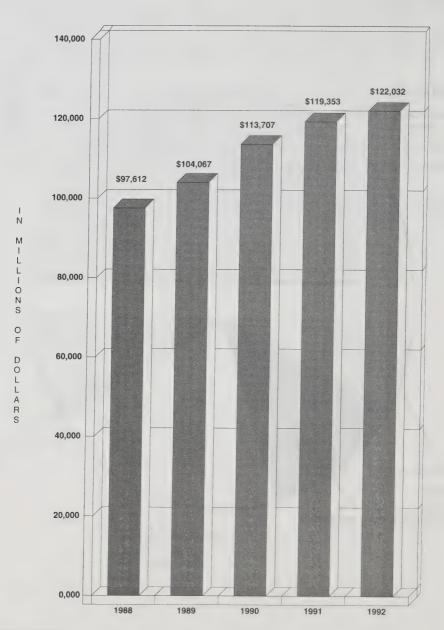


Table 3.1 presents revenue from outside parties by main classification on both a gross and net basis. "Gross revenue" reports all revenue received from outside parties including:

 revenue credited to appropriations where, as authorized by Parliament, certain revenues which are associated with the recovery of certain costs are credited to program spending. In such cases, Parliament votes such funds net of authorized revenue;  revenue of consolidated Crown corporations where, for reporting in the annual financial statements, the financial transactions of certain Crown corporations are included with those of the Government.

"Net revenue" excludes the above two categories. Net revenue represents all budgetary revenue recorded in the accounts of Canada in accordance with the accounting policies of the Government.

TABLE 3.1

REVENUE FROM OUTSIDE PARTIES BY MAIN CLASSIFICATION (in millions of dollars)

		1991	1-92		1990	-91
	Gross revenue <sup>(1)</sup>	Revenue credited to appropriations	Consoli- dated Crown corporations <sup>(3)</sup>	Net revenue <sup>(1)</sup>	Gross revenue <sup>(1)</sup>	Net revenue <sup>(1)</sup>
Tax revenue—						
Income tax—						
Personal	61,222			61,222	57,601	57,601
Corporation	9,359			9,359	11,726	11,726
contributions	15,394			15,394	12,707	12,707
Non-resident	1,261 <i>87,236</i>			1,261 87,236	1,372 83,406	1,372 83,406
Excise taxes and duties—						
Goods and services tax	15,168			15,168	2,574	2,574
Sales tax	-1,969			-1,969	12,635	12,635
Customs import duties	3,999			3,999	4,001	4,001
Excise duties	2,074			2,074	2,187	2,187
Other excise taxes and duties	2,969	486		2,483	2,012	1,524
	22,241	486		21,755	23,409	22,921
Energy taxes—						
Excise tax—Gasoline Petroleum and gas revenue tax	3,138 4	1		3,138	2,928	2,928 -1
Excise tax—Aviation gas and	200			200	0.00	
diesel fuel	300	1		300	265	265
	3,442	487		3,441	3,193	3,192
Osh t	25,683 273	40/		25,196 273	26,602 279	26,113 279
Other tax revenue						
Total tax revenue	113,192	487		112,705	110,287	109,798
Non-tax revenue—						
Return on investments, Table 3.3 Other non-tax revenue—	7,167	23	78	7,066	6,857	6,807
Privileges, licences and permits	677	258		419	688	384
expenditure	295			295	405	404
Services and service fees	1,707	1,422		285	1,490	249
Proceeds from sales	250	190		60	326	126
Domestic coinage	51			51	111	111
Premium and discount on exchange	46	2		44		
Miscellaneous non-tax revenue	2,378	252	1,019	1,107	2,548	1,474
	5,404	2,124	1,019	2,261	5,568	2,748
Total non-tax revenue	12,571	2,147	1,097	9,327	12,425	9,555
Fotal revenue <sup>(2)</sup>	125,763	2,634	1,097	122,032	122,712	119,353

<sup>(1)</sup> Reflected on the Statement of Revenue and Expenditure in Section 2 of this volume.
(2) Additional details are provided in Table 4a in Section 1 of Volume II (Part I).

Additional details are provided in Table 4a in Section 1 of Volume II (Fatc1).

Certain Crown corporations are part of the Government's reporting entity. Additional information is provided in Section 5 of this volume and in the audited financial statements (Section 2 of this volume).

#### PUBLIC ACCOUNTS, 1991-92

On a day-to-day basis, organizations within the Government transact with each other and thus contribute to gross amounts of revenue and expenditure. In preparing the financial statements, these "internal transactions" are eliminated so as to report on the basis of transactions with outside parties only. Table 3.2 provides details of internal revenue transactions and shows the total of revenue from both internal and external

sources. The total gross revenue of \$129,980 million includes the total revenue from all sources. Revenue of consolidated Crown corporations and revenue credited to appropriations are deducted to arrive at net revenue from all sources. This total of \$122,088 million is made up of total ministerial revenue (\$105,191 million) and revenue of consolidated specified purpose accounts (\$16,897 million) as detailed in Volume II, (Part I.) Table 4a.

TABLE 3.2

REVENUE FROM ALL SOURCES (in millions of dollars)

		Less: revenue of	Less: revenue credited to appropriations			
	Gross revenue	consolidated Crown corporations	From outside parties	Internal to the Government	Net revenue	
ransactions with outside parties	125,763	1,097	2,634		122,032	
nternal transactions by main classification—						
Return on investments	3				3	
Privileges, licences and permits	4				4	
Refunds of previous years'						
expenditure	16				16	
Services and service fees	3,761			3,755	6	
Proceeds from sales	315			304	11	
Miscellaneous non-tax revenue	118			102	16	
Ootal internal transactions	4,217			4,161	56	
Fotal revenue	129,980	1,097	2,634	4,161	122,088	

### **Budgetary Revenue in 1991-92**

Total net budgetary revenue in 1991-92 amounted to \$122,032 million. This represents an increase of 2.2%, or \$2,679 million from the level reported for 1990-91. Tax revenue, which accounts for 92% of total revenue, increased by \$2,907 million or 2.6%, while non-tax revenue declined by \$228 million or 2.4%.

#### Tax Revenue

During 1991-92, tax revenue was affected by a number of factors, including the impact of the recession on the applicable tax bases, the transition from the federal manufacturers' sales tax to the Goods and Services Tax, and the policy actions to maintain the financial integrity of the Unemployment Insurance Account. The recession had the most pronounced effect on corporate income tax collections, which declined 20% from 1990-91 levels. The transitional costs associated with the replacement of the federal manufacturers' sales tax by the Goods and Services Tax (GST) also served to dampen the growth in budgetary revenue. The impact of these factors was partially offset by increases in unemployment insurance premium contributions, primarily due to increases in premium rates and higher personal income tax collections.

#### Personal Income Tax

Personal income tax is levied on personal income under the provisions of the Income Tax Act. Personal income tax is the largest source of federal Government revenue, accounting for about 50% of total budgetary revenue in 1991-92.

Personal income tax revenue in 1991-92 amounted to \$61,222 million, an increase of 6.3% or \$3,621 million from 1990-91. This was down from the increase of 11% recorded in 1990-91. This deceleration in the rate of growth in personal income tax collections in 1991-92 was primarily related to economic developments. Personal incomes in 1991 advanced by only 3%, as declines in employment and lower inflation dampened increases in employment income, while lower interest rates resulted in a decline in investment income. The full impact of these economic developments was not fully reflected in 1991-92 personal income tax collections, given the lags in collections and the payment of refunds. Collections in 1991-92 were also affected by the replacement of the federal sales tax credit, which was paid at the time of tax filing and netted against personal income taxes otherwise payable, by the enhanced payment of the quarterly low-income GST credit, which is netted against GST collections. Recoveries in fiscal year 1991-92 for overpayments to the Provincial Tax Collection

Agreements Account for both 1990 and 1991 and to the Unemployment Insurance Account also served to increase personal income tax revenue in 1991-92.

#### **Corporation Income Tax**

The corporation income tax is levied on corporation income under the provisions of the Income Tax Act. Corporation income tax revenue amounted to \$9,359 million in 1991-92, a decline of 20.2% from 1990-91. This marks the second consecutive year in which corporation income tax collections have declined. Corporation income tax collections are down 28% from their peak in 1989-90. This decline reflects the impact of the recession on corporate profits. Rising unit labour costs and weakening demand have left corporate profit margins at their lowest levels since the 1981-82 recession. Corporate profits have declined steadily since the fourth quarter of 1988 and by the end of 1991 were nearly 65% below their pre-recession peak. The decline in corporation income tax revenue has been proportionally less than the cumulative decline in corporate profits, owing in part to the impact of the base-broadening measures introduced as part of the 1988 Income Tax Reform as well as the introduction in the April 1989 budget of the Large Corporations Tax.

#### **Unemployment Insurance Contributions**

Premiums from employees and employers are levied under the provisions of the Unemployment Insurance Act and are classified as part of budgetary revenue. In 1991-92, unemployment insurance contributions increased by 21.1%, to \$15,394 million. This increase was attributable to the increases in maximum insurable earnings, effective at the beginning of each calendar year, which is the base for the calculation of unemployment insurance contributions, coupled with the July 1, 1991 and January 1, 1992 increases in premium rates. Premium rates for employees increased from \$2.25 per \$100 of insurable earnings to \$2.80 on July 1, 1991 and to \$3.00 on January 1, 1992. The premium rate increases in fiscal year 1991-92 were taken to maintain the financial integrity of the Unemployment Insurance Account. This Account is intended to be self-financing through employee-employer premiums. The deterioration in the labour market and the resulting increase in unemployment insurance benefits payments has resulted in a significant deficit in the Account, thereby necessitating the increase in premium rates. Despite these increases in premium rates, the accumulated deficit in the Account amounted to over \$2 billion in 1991-92.

#### Non-Resident Income Tax

Non-resident income tax is levied on income earned in Canada by non-residents under the provisions of the Income Tax Act. This tax is derived from tax withheld from dividends, interest, rents, royalties, alimony, and income from estates and trusts paid to non-residents. In 1991-92, non-resident income tax amounted to \$1,261 million, down 8.1% or \$111 million from 1990-91. The decline reflects the impact of the recession on corporate profits and lower interest rates on investment income.

#### **Excise Taxes and Duties**

Excise taxes and duties are collected under the Excise Tax Act and Customs Tariff Act. Excise taxes and duties include the federal manufacturers' sales tax, the Goods and Services Tax which replaced the manufacturers' sales tax on January 1, 1991, customs import duties, energy taxes, and other excise taxes and duties. In 1991-92, excise taxes and duties totalled \$25,196 million, a decline of 3.5% or \$917 million from 1990-91. The decline primarily reflects the transitional costs associated with sales tax reform and the netting of the low-income GST credit against GST collections.

#### Goods and services tax

The Goods and Services Tax became effective January 1, 1991, replacing the federal manufacturers' sales tax. The GST is applied at a rate of 7% on most goods and services consumed in Canada, with the exception of basic groceries, most health and dental care services, most educational services, and residential rents. In contrast, the manufacturers' sales tax was applied solely to manufactured goods at a general rate of 13.5%. In 1991-92, the first full fiscal year of implementation, net GST revenues amounted to \$15,168 million. These collections are net of the low-income GST credit, rebates to municipal governments, hospitals and schools and refunds. The low-income GST credit amounted to \$2.3 billion, while the total value of rebates and refunds, along with applicable interest, amounted to \$11.3 billion. Gross GST collections, therefore, amounted to \$28.8 billion. In 1991-92, collections were also affected by the onetime payment of the transitional grant to small business, which was estimated at \$0.9 billion.

#### Sales tax

With the introduction of GST, the Federal Sales Tax (FST) ceased to have general application after December 31, 1990. However, sales tax paid on new and unused goods in inventory as of December 31, 1990 was rebated. These rebates amounted to \$1.6 billion in 1991-92. The remaining \$0.3 billion relates to refunds on appeals of taxes paid.

#### Customs import duties

Revenue from customs import duties consist mainly of ad valorem taxes on the importation of goods levied under the Customs Tariff Act. In 1991-92, revenues amounted to \$3,999 million, virtually unchanged from the level reported in 1990-91.

#### Other excise taxes and duties

Excise duties are levied on alcoholic beverages and tobacco products. In addition, excise taxes are also imposed on other items such as jewellery and passenger vehicle air conditioners. In 1991-92, other excise taxes and duties revenue amounted to \$4,557 million, up 22.8% from 1990-91. This increase reflects the February 1991 budget increase in the excise tax rate of 3 cents per cigarette. Dampening the overall impact of this increase was the elimination of certain excise taxes with the introduction of the GST.

#### Energy taxes

Energy taxes primarily include the excise tax on gasoline, aviation gas and diesel fuel. Energy tax revenue totalled \$3,441 million in 1991-92, up 7.8% from the level reported in 1990-91.

#### Other Tax Revenue

Other tax revenue is comprised primarily of withholding taxes on income earned in Canada by non-resident life insurance companies and income from trusts. In 1991-92, other tax revenue amounted to \$273 million, down 2.2% from 1990-91.

#### Non-Tax Revenue

Non-tax revenue consists of return on investments and other non-tax revenue. In 1991-92, such revenues amounted to \$9,327 million, a decline of 2.4% from 1990-91.

#### Return on Investments

Return on investments consists mainly of interest from loans and advances, transfer of profits and surpluses, and rental income from properties. Return on investments amounted to \$7,066 million, an increase of 3.8% over last year's result. The various components of return on investments are presented in Table 3.3, on both a gross and net basis. The decline in interest rates over the course of 1991-92 resulted in lower Bank of Canada profits and interest on bank deposits. From their peak in the spring of 1990 to the end of fiscal year 1991-92, short-term interest rates declined by over 250 basis points. The impact of these declines, however, was largely offset by higher gains resulting from the Exchange Fund Account transactions, reflecting the actions by the Bank of Canada in foreign exchange operations to help maintain orderly conditions.

### **TABLE 3.3**

### RETURN ON INVESTMENTS<sup>(1)</sup> (in millions of dollars)

	1991-92	1990-91
Loans, investments and advances—		
Enterprise Crown corporations—		
Lending institutions—		
Canada Deposit Insurance Corporation	222	143
Canada Mortgage and Housing Corporation	754	772
Farm Credit Corporation	215	230
	1,191	1,145
All other enterprise Crown corporations—	0.0	
Canadian National Railway Company	90	70
Other—	1.844 {2}	2 000 {2}
Bank of Canada	-,	2,808
Miscellaneous	65 1,999	214
		3,092
	3,190	4,237
Provincial and territorial governments	65 74	71
National governments including developing countries	5	53
International organizations  Veterans' Land Act Fund—	J	
Advances	3	4
Joint and mixed enterprises	13	37
Miscellaneous	23	28
Mischancus	183	193
	3,373	4,430
oreign exchange accounts—		7,730
Exchange Fund Account	2,227	2,636
International Monetary Fund—Subscriptions	17	2,030
International Professing Funda - Subscriptions	2,244	2,647
	2,244	2,047
'ash— Interest on bank deposits	192	285
·		
onsolidated accounts—		
Unemployment Insurance Account	22	
Western Grain Stabilization Account Agricultural Commodities Stabilization	79	121
	6	35
Accounts	208	57
Other	3	
	210	012
	318	213
ther accounts—		
Interest on investment re: military purchases	16	25
Esso Ltd—Norman Wells Project profits	13	20
Other	9	33
	38	58
otal ministerial net return on investments	6,165	7,633
Exchange Fund Account adjustment <sup>(4)</sup>	673	-378
Accrual of non-tax revenue	491	-284
Consolidated specified purpose accounts	-107	-156
Consolidation adjustment	-153	
otal net return on investments	7,069	6,815
eturn on investments internal to the Government	-3	-8
otal net return on investments from outside parties	7,066	6,807
evenue credited to appropriations from outside parties	23	26
onsolidated Crown corporations	78	24
<del></del>	7,167	6 057
otal gross return on investments from outside parties	/,10/	6,857

<sup>(1)</sup> Additional details are provided in Table 4a in Section 1 of Volume II (Part I).
(2) On an accrual basis, the revenue is as follows: \$2,044 for 1991-92 and \$2,386 for 1990-91.
(3) In Section 11 of Volume II (Part II), Atomic Energy of Canada Limited is shown as an enterprise Crown corporation.
(4) Adjustment to recognize the net income for the 12 months period ending March 31.

#### Other Non-Tax Revenue

Other non-tax revenue is comprised of proceeds from the sale of capital assets and current goods and services, refunds of previous years' expenditure, service fees, privileges, licences and permits, domestic coinage, and miscellaneous non-tax revenue. Details are reported by individual ministry in Volume II (Part I) of the Public Accounts. Other non-tax revenue amounted to \$2,261 million in 1991-92, down 17.7% from the level reported in 1990-91.

Proceeds from sales (\$60 million) include the sale of goods and Crown assets including products produced by the Government, such as publications and maps, agricultural and manufactured products, net proceeds from the sale of Crown corporations, and other related items.

Refunds of previous years' expenditure (\$295 million) largely relates to recoveries of items paid out of or charged to prior years' appropriations, such as refunds and repayments of contributions.

Privileges, licences and permits (\$419 million) include the proceeds from the sale of regulated privileges such as licences,

registrations and permits for hunting, fishing, timber, business ventures, rentals of public buildings, leasing and royalties, citizenship registration, and other related charges.

Services and service fees (\$285 million) include charges for certain services provided by the Government such as application, filing, and registration fees, recoveries of hospital and medical costs from provincial hospital plans and other sources, along with other related items.

Domestic coinage (\$51 million) relates to the gross proceeds from the sale of domestic coinage through the Department of Finance. Costs are reported as expenditure of the Department.

Miscellaneous non-tax revenue (\$1,107 million) includes a diverse number of items including revenues arising from contributions of programs or recoveries of costs from provinces; seizures, forfeitures, fines and penalties under various statutes and programs; contributions to retirement plans by judges and senators; principal and interest receipts on Canada student loans; and write-off of cheques which were not claimed, among others.

# SECTION 4

1991-92 PUBLIC ACCOUNTS

# **Budgetary Expenditure**

## CONTENTS

Budgetary expenditure
Expenditure with outside parties by type
Budgetary expenditure in 1991-92
Supplementary statements—
Public debt charges
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Spending Control Act
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#### BUDGETARY EXPENDITURE

Budgetary expenditure consists of all charges to budgetary appropriations which affect the annual deficit or surplus of the Government. Such charges include transfer payments made to individuals, other levels of government and businesses, the costs of goods and services received and the costs of capital acquired during the course of the year and in the supplementary period including accounts payable at year end. In addition, budgetary expenditure may also include net charges related to allowances for the valuation of assets, for general contingencies, for borrowings of agent enterprise Crown corporations, and for other liabilities. As well, expenditures of certain specified purpose accounts, such as the Unemployment Insurance Account, the Western Grain Stabilization Account, the Crop Re-insurance Fund, the Agricultural Commodities Stabilization Accounts, are also included. Budgetary expenditure excludes amounts charged to the Canada Pension Plan Account, superannuation accounts, and other specified purpose and liability accounts.

### **Expenditure with Outside Parties by Type**

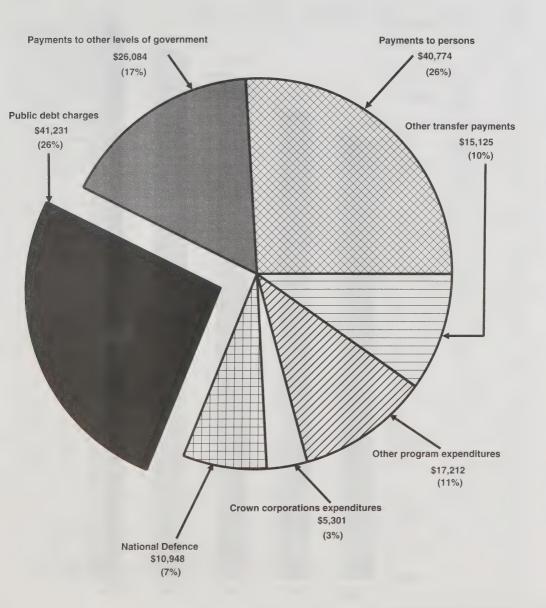
Chart A presents the total net expenditure with outside parties by type for the current fiscal year, while Chart B compares the total net expenditure with outside parties for the last five fiscal years. Table 4.1 presents expenditure with outside parties by type. The table is presented on both a gross and a net basis. The difference between gross and net expenditure is revenue from outside parties credited to appropriations and revenue of consolidated Crown corporations credited to expenditure.

In this table, expenditure with outside parties represents expenditure incurred as a result of transactions with organizations and individuals outside the Government of Canada as a reporting entity. The Government of Canada as a reporting entity is defined in Note 1 to the audited financial statements in Section 2 of this volume.

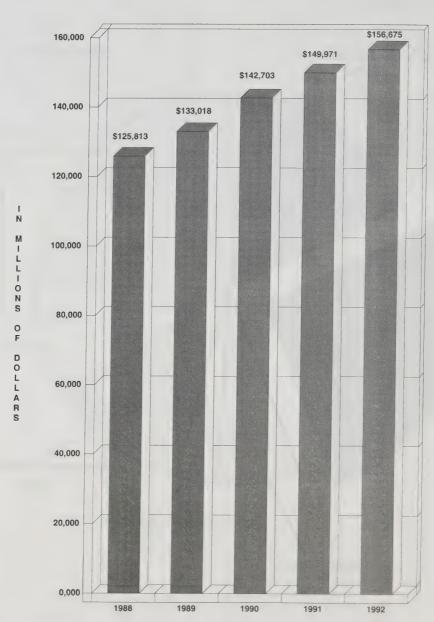
Revenue credited to appropriations represents revenue that has been credited to budgetary expenditure, rather than budgetary revenue, where such authority has been granted by Parliament, and revenue of consolidated Crown corporations credited to expenditure.

Total net expenditure represents all budgetary expenditure recorded in the accounts of Canada in accordance with the accounting policies of the Government. Total gross expenditure is derived by adding to total net expenditure, revenue credited to appropriations and revenue of consolidated Crown corporations credited to expenditure.

CHART A
TOTAL NET EXPENDITURE
WITH OUTSIDE PARTIES BY TYPE
(in millions of dollars)



# CHART B TOTAL NET EXPENDITURE WITH OUTSIDE PARTIES



**TABLE 4.1** EXPENDITURE WITH OUTSIDE PARTIES BY TYPE (in millions of dollars)

		1991-9	)2		1990	)-91
	Gross expenditure <sup>(1)</sup>	Revenue credited to appropriations	Consolidated Crown corporations (3) e	Net expenditure <sup>(1)</sup>	Gross expenditure <sup>(1)</sup>	Net expenditure
Transfer payments —						
To persons —						
Old age security benefits,						
guaranteed income supplements						
and spouses' allowances	18,393			18,393	17,131	17,131
Unemployment insurance benefits	18,126			18,126	14,665	14,665
Family allowances	2,821			2,821	2,736	2,736
Other	1,434			1,434	1,406	1,406
	40,774			40,774	35,938	35,938
To other levels of government —						
Fiscal arrangements	8,854			8,854	8.280	8,280
Insurance and medical care services	6,689			6,689	6,033	6,033
Canada Assistance Plan	6,099			6,099	5,788	5,788
Education support	2,142			2,142	1,862	1,862
Other	2,300			2,300	2,327	2,327
	26,084			26,084	24,290	24,290
Other transfer payments —	20,00			20,007	27,270	27,270
Foreign aid	2,787			2,787	2,404	2,404
Indians and Inuit	2,547			2,547	2,302	2,302
Job creation and Labour						
Force Adjustment	1,951			1,951	2,034	2,034
Regional and industrial development	2,002			2,002	2,130	2,130
Agricultural programs	1,853			1,853	900	900
Other	3,985			3,985	2,790	2,790
	15,125			15,125	12,560	12,560
Total transfer payments	81,983			81,983	72,788	72,788
Crown corporations expenditures	6,398		1,097	5,301	6,714	5,852
Other program expenditures						
Agriculture	893	15		878	796	780
Communications	485	21		464	457	434
Employment and Immigration	538			538	533	533
Environment	1,001	1		1,000	1,178	1,178
External Affairs	1,086	34		1,052	1,055	1.023
Industry, Science and Technology	1,288	45		1,243	1,177	1.144
National Defence	11,286	338		10,948	11,163	10,816
National Health and Welfare	1,129	56		1.073	1,076	1,011
National Revenue	2,213	50		2,163	2,160	2,107
Public Works	1,226	352		874	1,252	1,025
Solicitor General	2,909	565		2.344	2.837	2.302
Transport	2,286	1,020		1,266	2,370	1,314
	4,454	137		4,317	5,237	5,127
Other						
Total other program expenditures	30,794	2,634		28,160	31,291	28,794
Otal program expenditures	119,175	2,634	1,097	115,444	110,793	107,434
Public debt charges	41,231			41,231	42,537	42,537
otal expenditure (2)	160,406	2,634	1,097	156,675	153,330	149,971

<sup>(1)</sup> Reflected on the Statement of Revenue and Expenditure in Section 2 of this volume.
(2) Additional information is provided in Table 2a in Section 1 of Volume II (Part I).
(3) Certain Crown corporations are part of the Government's reporting entity. Additional information is provided in Section 5 of this volume and in the audited financial statements (Section 2 of this volume).

On a day-to-day basis, organizations within the Government entity transact with each other and thus contribute to the amounts of revenue and expenditure recorded in the accounts. In preparing the financial statements, these "internal transactions" are eliminated so as to report on the basis of transactions with outside parties only. Table 4.2 provides details of internal expenditure transactions and shows the total of expenditures transacted by the Government with all sources.

TABLE 4.2
EXPENDITURE BY SOURCE (in millions of dollars)

	Gross expenditure	Less: revenue of	cred	revenue lited to priations	
		consolidated Crown corporations	From outside parties	Internal to the Government	Net expenditure
Transactions with outside parties	160,406	1,097	2,634		156,675
Internal transactions —					
Agriculture	18			18	
Communications	2				2
Environment	3				3
External Affairs	1				1
Indian Affairs and Northern Development	28			28	
Industry, Science and Technology	12			10	2
National Defence	3				3
National Health and Welfare	2				2
National Revenue	3				3
Public Works	2,849			2,848	I
Solicitor General	27			25	2
Transport	48			40	8
Other	1,221			1,192	29
Total internal transactions	4,217			4,161	56
Total expenditure	164,623	1,097	2,634	4,161	156,731

## **Budgetary Expenditure in 1991-92**

Total net budgetary expenditure with outside parties in 1991-92 amounted to \$156,675 million. This represents an increase of 4.5% from the level of \$149,971 million reported in 1990-91. Most of the increase in total net expenditure of \$6,704 million, between 1990-91 and 1991-92, was concentrated in three major components - transfers to persons up \$4,836 million, transfers to other levels of government up \$1,794 million, and other major transfers up \$2,565 million. In contrast, declines were recorded in Crown corporations expenditures, other program expenditures - primarily in the operations of government and public debt charges.

Public debt charges, which account for about 26% of total net expenditure, include interest on unmatured debt (including Canada Savings Bonds, marketable bonds, and Treasury bills), interest on specified purpose accounts and other accounts, costs of issuing new loans, amortization of bond discounts, premiums and commissions, and the costs of servicing the public debt.

Public debt charges declined by 3.1%, to \$41,231 million in 1991-92 from \$42,537 million in 1990-91. This is the first year since the mid-1950s that public debt charges have recorded a year-to-year decline. The decline in public debt charges reflects the impact of lower interest rates, which have accompanied the reduction in inflation. Interest rates peaked in May 1990 and

have recorded significant declines thereafter. The average annual interest rate on outstanding government debt declined from 10.72% as of March 31, 1991 to 8.86% as of March 31, 1992. The impact of the decline in interest rates more than offset the increase in gross unmatured debt, which rose from \$325,212 million at March 31, 1991 to \$352,905 million at March 31, 1992.

Total program spending - that is, Government spending excluding public debt charges advanced 7.5%. The increase in program spending primarily reflects the impact of the recession on cyclically-sensitive components of program spending, especially unemployment insurance benefits, cash transfers under Established Programs Financing, and Canada Assistance Plan transfers. Significantly dampening the impact of these factors on program spending was the effect of the various restraint measures that the Government introduced with the implementation of the Expenditure Control Plan. Fiscal year 1991-92 was the second year of the Expenditure Control Plan. This Plan is a comprehensive approach to expenditure control, and effectively controls about 60% of all government spending on programs. The major programs exempt from the Plan include federal transfers to persons (elderly benefits, veterans' pensions and allowances, and unemployment insurance benefits) and certain major federal transfers to provinces (Equalization and Canada Assistance Plan transfers to equalization-receiving provinces).

The largest component of program spending - transfers to persons advanced by 13.5% in 1991-92, primarily attributable to the surge in unemployment insurance benefits as a result of the recession. Unemployment insurance benefit payments were up 23.6% from last year. About two-thirds of the increase in benefit payments was attributable to increases in regular benefit payments, with the remainder spread between increases in the development uses component of the program and the special uses component, primarily paternal benefits. Among the other programs within major transfers to persons, elderly benefit payments were up 7.4%, reflecting increases in both average benefits, which are indexed to quarterly changes in the consumer price index, and the eligible population base. The indexation factor in 1991-92 was affected by a one-time price impact associated with the introduction of the Goods and Services Tax on January 1, 1991.

Direct cash transfers to other levels of government increased by 7.4% between 1990-91 and 1991-92. The major factor contributing to this increase was higher cash transfers to provinces under the Established Programs Financing (EPF) program. Under the Expenditure Control Plan, introduced in the February 1990 budget, total EPF entitlements on a per capita basis were held constant at the 1989-90 levels. As a result, total EPF entitlements increased by just over 1% in 1991-92. However, EPF entitlements are paid in the form of tax point transfers, which are affected by changes in the applicable tax bases, with the difference paid in cash. It is the cash component that affects program spending. The weakness in the tax bases in both 1990 and 1991 reduced the value of the tax point transfers, thereby resulting in substantially higher cash transfers. Transfers under the Canada Assistance Plan advanced 5.4% in 1991-92. Under the Canada Assistance Plan, the federal government provides funds to provinces and territories to help them pay for certain social assistance benefits and services. Under the Expenditure Control Plan, the growth in these transfers to Ontario, Alberta, and British Columbia are capped at 5% per year. Fiscal arrangements increased by 6.9% in 1991-92. The largest component, equalization payments to lower-income provinces, however, declined by 1.8%, primarily reflecting the impact of the recession, most particularly in Ontario, on the tax bases used in the equalization formula. The Reciprocal Taxation Agreements provide for the reciprocal payment of consumption taxes and fees between the federal and provincial governments. With the replacement of the manufacturers' sales tax by the Goods and Services Tax (GST), federal payments to participating provinces under the Reciprocal Taxation Agreements have declined, as provincial governments are exempt from paying the GST on their purchases. As a result, the federal government no longer pays provincial retail sales taxes on its purchases. Transfers to the Yukon and Northwest Territories and to municipalities in lieu of property taxes accounted for the increase in fiscal trans-

Other transfers, which amounted to 13.1% of program spending, include foreign aid, assistance in the stabilization of market prices for commodities, the development of new technologies, research, the establishment of new jobs through training, the provision of social, health and economic services to Indian and Inuit peoples, and the promotion of educational and cultural activities. Other transfer payments increased by 20.4%, due primarily to increased payments for agricultural support, in the face of low world grain prices resulting from the international grain dispute between the United States and the European Economic Community. Increases were also recorded in grants and contributions to Indian and Inuit peoples and in assistance to developing countries.

Crown corporations expenditures amounted to \$5.3 billion in 1991-92, down 9.4% from 1990-91. Three corporations, Canada Mortgage and Housing Corporation (CMHC), the Canadian Broadcasting Corporation (CBC) and VIA Rail, received over two-thirds of the total payments to Crown corporations. The lower payments in 1991-92 primarily reflects reduced transfers to the CBC, VIA Rail and Canada Post Corporation, due to the impact of past restraint and restructuring measures. In addition, limits on funding for new social housing restrained the growth in transfers to CMHC.

Other program expenditures include defence spending on operations and capital, as well as government administration and specific services delivered to the public, such as:

- —health care to natives and veterans;
- -research undertaken by government employees;
- —the operation of airports and national parks;
- —the operation of federal correctional institutions; and,
- —the provision of police services.

Other program expenditures declined by 2.2% in 1991-92. Excluding defence, which increased by 1.2% in 1991-92, nondefence operating spending declined 4.3%. Spending remained restrained in 1991-92 due to the ongoing restraint measures introduced in past budgets and specific reduction initiatives undertaken in 1991-92. In the February 1991 budget, the Government announced that departmental non-wage and capital operating budgets would be frozen for 1991-92 and that departmental operating budgets would not be adjusted for any increase in wage costs resulting from new negotiated collective agreements in 1991-92. To effect the latter decision, legislation was passed in the Fall of 1991 to freeze all federal government employees' wages for the first year in any new contract and to limit the increase in the second year to a maximum of three per cent. In addition, layers of management were eliminated and the number of executives in the federal public service have been reduced by 10%.

Legislation to bring federal pension legislation into compliance with the Income Tax Act and address some long-standing fairness issues has received Royal Assent. In addition, this Act puts federal public service pension plans on a fully-funded basis, consistent with private sector plans. Until the passage of this Act, the federal government incurred expenditures to cover indexing costs to the extent that a pensioner's own indexing credits had been exhausted, which in 1990-91 amounted to nearly \$1\$ billion. Such payments directly impacted on program spending. With the passage of the Act, existing and future pension benefits are to be fully funded as they are earned, including the indexation costs. As a result, the Government will no longer be making separate payments to cover shortfalls in indexation costs.

# SUPPLEMENTARY STATEMENTS Public Debt Charges

A comparative summary of public debt charges is presented in Table 4.3. The table also discloses the reconciling item between total public debt charges as reported in the Finance ministerial section (Section 10) of Volume II (Part I) and the total net expenditure of the public debt indicated in Table 4.1. The reconciling item includes the expenditure of the consolidated specified purpose accounts.

### TABLE 4.3 PUBLIC DEBT CHARGES(1) (in millions of dollars)

	1991-92	1990-91
Unmatured debt—		
Marketable bonds—		
Payable in Canadian currency	15.976	14,479
Payable in foreign currencies	179	297
Tuyuda iii doo.ga aasaada	16,155	14,776
Canada savings bonds	3,610	4.275
Canada saving bonds Special non-marketable bonds—	3,010	4,273
Canada Pension Plan Investment Fund	358	346
Treasury bills	12.597	15.118
Notes and loans—	12,000	15,110
Payable in foreign currencies	1	3
Canada bills	29	74
Servicing costs and costs of issuing new loans	34	44
Fotal public debt charges related to unmatured debt	32,784	34,636
pecified purpose accounts—		
Superannuation accounts	7,803	7,118
Government Annuities Account	56	60
Canada Pension Plan Account	293	403
Deposit and trust accounts	102	119
Other	104	89
Total public debt charges related to specified purpose accounts	8,358	7,789
onsolidated specified purpose accounts—		
Unemployment Insurance Account	4	223
Western Grain Stabilization Account	1	2
Agricultural Commodities Stabilization Accounts	13	12
Other	17	18
otal public debt charges related to consolidated specified purpose accounts	35	255
otal public debt charges related to other accounts	89	112
'otal public debt charges <sup>(2)</sup> ess:	41,266	42,792
Total public debt charges related to consolidated specified purpose accounts	35	255
otal net/gross public debt expenditure with outside parties	41,231	42.537

Additional details are provided in Table 2a in Section 1 of Volume II (Part I). Additional details are provided in Section 8 of Volume II (Part II).

## **Expenditure under Statutory Authority**

The spending authority provided by statutory authority is for specified purposes and for such amounts and such time as the acts prescribe. This spending authority does not generally lapse at the end of the year in which it is granted. Expenditure under such authority accounts for more than two-thirds of the total net expenditure each year.

Table 4.4 presents a comparative summary of these statutory expenditures. The table also discloses the reconciling items between total ministerial expenditure under statutory authority and total net statutory expenditure. The reconciling items include the statutory expenditure of the consolidated specified purpose accounts and the provision for valuation. Revenue credited to appropriations from outside parties has been added to the latter to obtain the total gross statutory expenditure with outside parties.

Five programs account for over eighty-five per cent of the total spending under total gross statutory expenditure with outside parties. These are:

- -public debt charges;
- -unemployment insurance benefits;
- -pension payments to the elderly, including old age security payments, guaranteed income supplement payments, and spouse's allowance payments;
- -federal-provincial fiscal arrangements and public utilities;
- -Established Programs Financing transfers, including payments for hospital insurance, medical care and extended health care services and post-secondary education payments to provinces and territories.

TABLE 4.4
EXPENDITURE UNDER STATUTORY AUTHORITY
(in millions of dollars)

	1991-92	* **More	1990-91	
D. 11. 1				
Public debt charges		41,266		42,792
Old age security payments		13,808		12,781
Federal-provincial fiscal arrangements and public utilities		8,111		8,300
health care services		6,688		6,033
Canada Assistance Plan payments		6,130		5,967
Guaranteed income supplement payments		4,139		3,928
Family allowance payments		2,821		2,736
Post-secondary education payments to provinces and territories		2,142		1,862
Payments to railway companies under the Farm Income Protection Act (formerly the Western Grain Transportation Act)		1,049		645
Spouse's allowance payments		446		421
Interest payments, liabilities under the				
Canada Student Loans Act		454		442
Grants to municipalities and other taxing authorities		360		302
Payments in connection with the Farm Income Protection		500		302
Act—Crop Insurance Program		358		
Payments in connection with the Farm Income Protection		336		
Act—Gross Revenue Insurance Program		663		
Superannuation, supplementary retirement benefits, death benefits and		003		
other pensions—(1)				
Public Service—				
Government's matching contribution to the Public Service Superannuation				
Account	621		479	
Actuarial liability	506			
Statutory payments under the Supplementary Retirement Benefits Act			602	
Government's contribution as employer to the Unemployment Insurance Account	286		229	
Government's matching contribution to the Canada and the Quebec				
Pension Plans	159		153	
Government's matching contribution to the Supplementary Retirement Benefits				
Account			96	
Government's matching contribution to the death benefit				
account	7		7	
	1,579		1,566	
Less: recoveries from revolving funds	84		99	
Zess. tees rone to the same to				-
		1,495		1,467
Canadian Forces—				
Government's matching contribution to the Canadian Forces Superannuation				
Account	401		288	
Statutory payments under the Supplementary Retirement Benefits Act			413	
Government's contribution as employer to the Unemployment Insurance Account	102		80	
Government's matching contribution to the Canada and the Quebec				
Pension Plans	55		52	
Government's matching contribution to the Supplementary Retirement Benefits				
Account			32	
Government's matching contribution to the death benefit account	2		3	
•		560		868
Royal Canadian Mounted Police—		300		000
Government's matching contribution to the Royal Canadian Mounted Police Superan-				
	105		93	
nuation Account	21			
Statutory payments under the Supplementary Retirement Benefits Act			32	
Government's contribution as employer to the Unemployment Insurance Account	23		18	
Pension Plans	13		13	
Government's matching contribution to the Supplementary Retirement Benefits				
Account			9	
		162		165
All other statutory expenditures		1,918		3,568
otal ministerial expenditure under statutory authority (2)				
		92,570		92.277

**TABLE 4.4** EXPENDITURE UNDER STATUTORY AUTHORITY— Concluded (in millions of dollars)

	1991-92	1990-91
Consolidated specified purpose accounts— Unemployment Insurance Account Western Grain Stabilization Account Crop Reinsurance Fund Agricultural Commodities Stabilization Accounts Other	18,985 -94 63 271 -203	13,502 -37 430 -8 -7
Total expenditure of consolidated specified purpose accounts	19,022	13,880
Provision for valuation	-1,950	-1,725
Total net statutory expenditure with outside parties  Revenue credited to appropriations from outside parties	109,642 502	104,432 356
Total gross statutory expenditure with outside parties	110,144	104,788

<sup>(1)</sup> Details related to other pension accounts such as the Members of Parliament Retiring Allowances Account are not included.
(2) Additional details are provided in Table 7 in Section 1 of Volume II (Part I).

### **Spending Control Act**

On June 18, 1992, Royal Assent was given to Bill C-56 "An Act respecting the control of government expenditures" - The Spending Control Act. This Act imposes legislated limits on the amount of federal government spending over the five-year period - 1991-92 to 1995-96. The legislated spending limits are based on the spending projections contained in the February 1991 budget. Adjustments are made to exclude spending related to public debt charges, major self-financing programs (Unemployment Insurance Act and federal advances to the Farm Income Protection Act), expenditures made as a result of emergencies, expenditures related to events occurring prior to April 1991, and losses on the sale or disposal of shares in Crown corporations.

The spending limit for 1991-92, as specified under the Act, is \$97.2 billion. Spending during the course of 1991-92 subject to the Spending Control Act amounted to \$95.8 billion - \$1.4 billion below the spending limit for the year. The lower spending was largely attributable to the discretionary actions undertaken during the course of 1991-92 to contain the growth in the deficit. Under the Spending Control Act, this underspending may be carried forward to offset overspending in future years.

TABLE 4.5 STATEMENT REQUIRED UNDER SECTION 6 OF THE SPENDING CONTROL ACT (in millions of dollars)

		1992 (1)
Total expenditure for the year		156,675
Less:		
Public debt charges	41,231	
Expenditures under the Unemployment Insurance Act		
Benefits	18,125	
Administration	1,207	
Expenditures under the Farm Income Protection Act		
Advances to the Crop Reinsurance Fund	52	
Advances to a Revenue Insurance Fund and provincial revenue		
insurance program or gross revenue insurance program	16	
Expenditures related to events occurring prior to April 1991	241	
		60,872
Spending subject to spending control		95,803
Spending limit for the year		97,200
Spending reduction for the year		-1,397

<sup>(1)</sup> The Spending Control Act is effective starting in the 1991-92 fiscal year. Therefore, there is no comparative information for 1990-91.

## **Transfer Payments**

The transfer payments information presented in Note 5 to the audited financial statements of the Government of Canada in Section 2 of this volume are presented in more detail in the following table.

**TABLE 4.6** TRANSFER PAYMENTS BY TYPE OF TRANSFER (in thousands of dollars)

	1991-92	1990-91
Payments to persons—		
Old age security—(1)		
Old age security benefits	13,808,292	12,781,212
Guaranteed income supplements	4,139,256	3,928,392
Spouses' allowances	445,696	421,212
	18,393,244	17,130,810
Unemployment Insurance Account payments <sup>(1)</sup> (2)	18,386,681	14,406,685
Family allowances (including youth) (1)	2,821,129	2,736,016
Veterans benefits—		
Pensions to veterans of World Wars I and II	925,969	885,020
Other	508,290	521,147
	41,035,313	35,679,684
	41,033,313	33,079,084
ayments to other levels of government—		
Fiscal arrangements	8,150,153	8,547,021
Canada Health Act—		
Extended health care services(1)	1,412,268	1,324,185
Insured health services <sup>(1)</sup>	5,276,165	4,708,847
	6,688,433	6,033,032
Canada Assistance Plan payments <sup>(1)</sup>	6,130,331	5,966,926
Post-secondary education adjustment payments (1)	2,142,071	1,861,531
Payments to territories for operating expenditures	1,082,948	1,170,418
Grants in lieu of taxes	400,235	337,961
Other	1,134,945	1,279,251
	25,729,116	25,196,140
Payments to enterprises—Subsidies and capital assistance— Payments under the Western Grain Transportation Act. Payments under industrial and regional development. Payments to producers for commodities under the	1,049,064 242,722	644,937 316,526
Farm Income Protection Act (formerly the	204 (01	245.000
Agricultural Stabilization Act)	384,691	345,020
Other	1,401,475	1,175,552
	3,077,952	2,482,035
Payments to or on behalf of international		
organizations and foreign countries—	602,521	390,486
Purchase of goods for development assistance	394,215	370,232
International food aid program	574,942	530,111
Payments to United Nations and related organizations		
Contributions to Canadian non-government organizations.	401,366	366,897
Purchase of services for development assistance	351,413	333,931
Other	745,457 3,069,914	710,339 2,701,996
	3,009,914	2,701,990
Payments to non-profit institutions and organizations— Assistance to encourage employment	722,479	725,364
	122,419	723,304
Miscellaneous payments—		
4 7	2,386,869	2,147,974
Payments to native peoples and associations	60,698	471,001
Payments to native peoples and associations  Pensions to government employees		
Payments to native peoples and associations  Pensions to government employees  Grants and scholarships in aid of research	704,688	
Payments to native peoples and associations  Pensions to government employees		
Payments to native peoples and associations  Pensions to government employees  Grants and scholarships in aid of research	704,688	682,305 3,135,394 6,436,674
Payments to native peoples and associations  Pensions to government employees  Grants and scholarships in aid of research	704,688 4,922,094	3,135,394

<sup>(1)</sup> An analysis by province is shown in Table 4.7 for these transfer payments.
(2) Unemployment Insurance recoverable of \$193 million has not been included in this table.

<sup>(3)</sup> The provision for valuation has not been included in this table.

### **Details of Transfer Payments by Province**

Table 4.7 presents an analysis by province of selected important transfer payments. Except for unemployment insurance, more details can be found in Section 7 of Volume II (Part II) of the Public Accounts.

**TABLE 4.7** SELECTED IMPORTANT TRANSFER PAYMENTS BY PROVINCE (in thousands of dollars)

	Tra	ansfers to perso	ons	Transfers to	provinces, terr	ritories and mun	icipalities
	Old age security <sup>(1)</sup>	Family allowances	Unemploy- ment insurance <sup>(2)</sup>	Extended health care services	Post secondary education	Canada- Assistance Plan	Insured health services
Newfoundland	412.874	65,930	1.042.052	29,816	57.363	132.853	137,113
	386,933	66,188	868,771	28,609	53,672	118.960	129,857
Prince Edward Island	112,935	14,539	203,230	6,716	12,913	34,755	30,833
I mee Edward Island	107.591	14.358	159,924	6,480	12.149	28.729	29.616
Nova Scotia	722,795	92,464	805,876	46,908	89,783	217,723	214,595
	682,226	90.974	661,015	44.216	83.371	189.089	201.651
New Brunswick	581,295	77,299	851,923	37,528	71,973	206,936	172,030
The District Control of the Control	546,826	76,604	695,799	36,046	67.835	173,743	164,133
Quebec	4,845,774	684,494	5,596,555	356,993	312,440	1,546,500	850,166
	4.512.264	664.388	4.545.541	337.962	308.952	1.264.577	850,407
Ontario	6,337,281	1,014,962	5,428,322	522,539	874,996	2,158,841	2,126,304
	5,882,920	981,716	4,004,380	484,992	600,510	2,474,771	1.556.663
Manitoba	854,082	120,751	536,665	57,065	109,510	253,126	261.747
	805,530	117.738	409.892	54,295	101,950	227,057	248,382
Saskatchewan	826,849	116,710	401,539	51,558	93,623	177,035	225,265
	780,373	115,337	314,669	50,014	93,949	158,845	227,414
Alberta	1,304,146	293,785	1,314,891	131,481	243,730	623,276	584,389
	1,206,599	282,989	951,139	121,960	242,239	554,009	582,586
British Columbia	2,271,272	327,686	2,137,318	167,432	268,362	747,342	655,888
	2,109,868	313,795	1,743,556	155,611	289,636	748,881	700,347
Total provinces	18,269,303	2,808,620	18,318,371	1.408.036	2.134.693	6.098.387	5,258,330
	17,021,130	2.724.087	14.354.686	1.320.185	1.854.263	5.938.661	4.691.056
Northwest Territories	13,186	9,141	33,637	2,823	4,806	23,774	11.652
	12,209	8,723	24.119	2.712	4.682	22,230	11.536
Yukon Territory	6,855	3,368	29,522	1,409	2,572	8,170	6,183
· ·	6,105	3,206	24,272	1.288	2.586	6,035	6.255
International	103,900		5,151				
	91,372		3,608				
Total	18,393,244	2,821,129	18,386,681	1,412,268	2,142,071	6,130,331	5,276,165
	17,130,816	2,736,016	14.406,685	1.324.185	1.861.531	5.966,926	4.708.847

Amounts in roman type are 1991-92 transfer payments.

Amounts in *italic* type are 1990-91 transfer payments.

(1) Includes guaranteed income supplements and spouses' allowances.

(2) Includes fishermen's benefits.

# section 5

1991-92 PUBLIC ACCOUNTS

## **Consolidated Accounts**

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# CONSOLIDATED CROWN CORPORATIONS

This section provides all related information on consolidated Crown corporations. Consolidated Crown corporations are those Crown corporations who rely on Government funding as their principal source of revenue.

Consolidation involves the combination of the accounts of these corporations on a line-by-line and uniform basis of accounting and eliminating inter-organizational balances and transactions. Before these balances and transactions can be eliminated, the corporations' accounts must be adjusted to the Government basis of accounting. Most corporations follow generally accepted accounting principles (GAAP) used by private sector companies. The most significant difference between GAAP and the Government basis of accounting is that under GAAP, non-financial assets such as buildings, machinery, equipment and inventories are reflected as assets and written-off over their respective lives or as they are consumed or used. The Government treats the acquisition of non-financial assets as expenditures in the year of acquisition.

# **Summary Financial Statements of Consolidated Crown Corporations**

The following tables display details of the assets, liabilities, revenues and expenses of the consolidated Crown corporations.

For those corporations having other year ends than March 31, the data are based on unaudited interim financial statements which have been prepared on a basis consistent with the most recent audited financial statements.

Tables 5.1 and 5.2 summarize the financial transactions and results of operations of each consolidated Crown corporation in accordance with its own respective accounting policies. Most consolidated Crown corporations follow the generally accepted accounting principles used by private sector companies, as outlined in the Handbook of the Canadian Institute of Chartered Accountants.

Financial assets include cash, receivables, loans and investments. Physical assets and deferred charges are assets such as buildings, machinery and equipment in use or under construction, inventories and other items of expenditure. Financial assets and liabilities in respect of the Government and other Crown corporations represent the unpaid balances arising from financing transactions and normal operating activities. Borrowings from third parties represent amounts repayable to financial institutions and other investors. Other liabilities are amounts due in respect of purchases, employee termination and pension benefits, accrued interest on borrowings, long-term capital leases and sundry accounts payable.

Revenues include financial assistance received or receivable from the Government in respect of the current year's operations. Expenses are segregated between third parties and Government and other Crown corporations to produce a net income or loss. Adjustments include prior period adjustments and other miscellaneous items as recorded by the Corporations. Equity transactions with the Government include dividends declared or transfers of profits to the Government as well as equity infusions provided by the Government. The line "Conversion to the Government accounting basis for consolidation purposes" represents the adjustments required to bring the corporations' generally accepted accounting principles basis of accounting to the Government's basis of accounting to the Government to the Government's basis of accounting the Government's basis of accounting the Government's basis of accounting the Government's basis o

These tables present consolidated financial information on consolidated parent Crown corporations and financial information on unconsolidated wholly-owned subsidiaries. The "President of the Treasury Board's Annual Report to Parliament on Crown Corporations and Other Corporate Interests of Canada" includes a complete list of all parent Crown corporations, wholly-owned subsidiaries, other subsidiaries and associates.

Consolidated Crown corporations are also categorized as being either agents or non-agents of the Crown. Agency status may be expressly stated in the incorporating legislation or conferred under the provisions of the Government Corporations Operation Act. In accordance with Section 54 of the Financial Administration Act, the payment of all money borrowed by consolidated agent Crown corporations and interest thereon is a charge on and payable out of the Consolidated Revenue Fund. Table 5.3 summarizes such borrowings for the consolidated corporations and the changes during the year ended March 31, 1992. Contingent Liabilities of consolidated corporations are presented in Table 5.4.

A summary of financial assistance under Government budgetary appropriations to consolidated Crown corporations for the year ended March 31, 1992 is provided in Table 5.5. Differences in figures reported in Table 5.2 and those reported in Table 5.5 result from the use of different accounting policies and from items in transit.

TABLE 5.1
FINANCIAL POSITION OF CONSOLIDATED CROWN CORPORATIONS — ASSETS AND LIABILITIES FOR THE YEAR ENDED MARCH 31, 1992

(in thousands of dollars)

		Assets		
	Fin	ancial		
Crown corporations (1)	Third party	Government and other Crown corporations	Physical assets and deferred charges	Total of assets
Atomic Energy of Canada Limited	690,690	21,874	52,642	765,206
Canada Council	87,841	31,458	17,239	136,538
Canada Harbour Place Corporation (5)	939		63,052	63,991
Canada Lands Company Limited				
Canada Lands Company {Mirabel} Limited(4)				
Canada Lands Company (Vieux-Port de Québec) Inc(3)	494			494
Old Port of Montreal Corporation Inc	13,091	2,718	648	16,457
Canada Mortgage and Housing Corporation				
Minister's Account				
Canada Museums Construction Corporation Inc <sup>(5)</sup>	1,155	1,914		3,069
Canadian Broadcasting Corporation	94,416	48,594	929,801	1,072,811
Canadian Dairy Commission				
Dairy Support Operation Financed				
by the Government of Canada				
Canadian Film Development Corporation	8,495	. 18,362	4,627	31,484
Canadian Institute for International Peace and Security	1,474	,	292	1,766
Canadian Livestock Feed Board <sup>(5)</sup>	*,***		60 × 101	1,700
Canadian Museum of Civilization	464	10,163	15,324	25,951
Canadian Museum of Nature	192	4.725	3,303	8,220
Canadian National {West Indies} Steamships Limited <sup>(2)</sup>	1	1,720	2,005	1
Canadian Patents and Development Limited (5)	184	4	147	335
Defence Construction {1951} Limited	1,752	122	433	2.307
Enterprise Cape Breton Corporation	4,275	1,200	1,955	7,430
Harbourfront Corporation (5)	17,963	151	5,889	24,003
International Centre for Ocean Development <sup>(6)</sup>	2,612	774	147	3,533
International Development Research Centre <sup>(7)</sup>	14,140	//-	5.113	19,253
Jacques Cartier and Champlain Bridges Incorporated, The	2,834	5,385	14,725	22,944
Marine Atlantic Inc	8,694	19,156	398,359	426,209
Mingan Associates, Ltd <sup>(5)</sup>	0,094	19,130	390,339	420,209
National Arts Centre Corporation	1,953	86	6.511	8,550
	17,633	9,543	338,718	365,894
National Capital Commission	17,033		11.452	
National Gallery of Canada		9,081		20,683
National Museum of Science and Technology	12	3,289	6,818	10,119
Standards Council of Canada	1,037	1,020	535	2,592
VIA Rail Canada Inc	13,692	145,570	741,444	900,706
Total consolidated corporations	986,183	335,189	2,619,174	3,940,546
basis for consolidation purposes	(330)	2,199	2,619,174	2,621,043
Total on the Government accounting basis	986,513	332,990		1,319,503

<sup>(1)</sup> All Crown corporations listed in this table are parent Crown corporations except the following: Canada Lands Company(Mirabel) Limited, Canada Lands Company (Vieux-Port de Québec) Inc., Old Port of Montreal Corporation Inc., and The Jacques Cartier and Champlain Bridges Incorporated.

<sup>(21)</sup> On October 20, 1985, an Act procuring the dissolution of certain Crown corporations authorized the Minister responsible for Canadian National (West Indies) Steamships Ltd, to dissolve the Corporation. The Corporation was dissolved on June 19,1992.

<sup>(3)</sup> The Corporation is inactive.

<sup>(4)</sup> Canada Lands Company (Mirabel) Limited was dissolved on January 8, 1992 through a certificate of dissolution delivered in accordance with the provisions of the Canada Business Corporations Act.

<sup>(5)</sup> Bill C-8, an Act to provide the dissolution or transfer of certain Crown corporations, received Royal Assent on November 26, 1991. Pursuant to that Act: it is anticipated that Canada Harbour Place Corporation will be dissolved and its responsibilities transferred to another federal entity, the Canadian Livestock Feed Board was dissolved on November 26, 1991 and its program responsibilities transferred to the Department of Agriculture, the dissolutions of Canadian Patents and Development Limited and Harbourfront Corporation is anticipated, it is also anticipated that one share of Canada Museums Construction Corporation Inc., currently held by the Minister of Public Works, will be transferred to the Canada Lands Company Limited, which holds the other two of the three existing shares, and Mingan Associates, Ltd was deleted from Schedule III of the Financial Administration Act and has been dissolved.

<sup>(6)</sup> Bill C-63, an Act to dissolve or terminate certain Crown corporations received first reading in the House of Commons on March 10,1992. The Bill provides for the future dissolution of the International Centre for Ocean Development.

<sup>(7)</sup> The 1992 federal Budget announced that the International Development Research Centre would become a departmental corporation

			pilities	Liab	
Tota liabili and	Equity of	Total	Government and other Crown	arties	Third p
equi	Canada	liabilities	corporations	Other	Borrowings
765,2	78,035	687,171	519,741	151,740	15,690
136,5	109,283	27,255	994	26,261	
63,9	63,671	320		320	
4	203	291	289	2	
16,4	200	16,457	39	16,418	
3,0 1,072,8	287 700,051	. 2,782 372,760	34,945	2,782 337,815	
2,072,0	700,001	0,2,,00	0 1,5 10	557,015	
	10.005	12.100	241	11.050	
31,4	19,285 429	12,199 1,337	241	11,958 1,337	
25,9	13,438	12,513	587	11,926	
8,2	454 1	7,766	1,706	6,060	
3	335				
2,3	-2,002	4,309	715	3,594	
7,4	4,727	2,703	141	2,562	
24,0	5,908	18,095	15,084	3,011	
3,5	-2,106	5,639	766	4,873	
19,2	-1,876	21,129	17	21,112	
22,9	17,497	5,447	62	5,385	
426,2	-1,146	427,355	1,226	426,129	
8,5	1,795	6,755	607	5,968	180
365,8	336,349	29,545	2,500	27,045	
20,6	9,886	10,797	1,454	9,343	
10,1	5,505	4,614	951	3,663	
2,5	1,057	1,535	42	1,493	
900,7	667,058	233,648	51,321	182,327	
3,940,5	2,028,124	1,912,422	633,428	1,263,124	15,870
2,621,0	2,108,689	512,354	97,369	414,985	
1,319,50	-80,565	1,400,068	536,059	848,139	15,870

#### **TABLE 5.2**

# REVENUES, EXPENSES AND OTHER CHANGES IN EQUITY OF CONSOLIDATED CROWN CORPORATIONS FOR THE YEAR ENDED MARCH 31, 1992

(in thousands of dollars)

		Revenues					
			ment and orporations	_			
Crown corporations	Third parties	Financial assistance <sup>(1)</sup>	Other	Total			
Atomic Energy of Canada Limited	457,619	174,052	1,429	633,100			
Canada Council	7,118	105,493	4,627	117,238			
Canada Harbour Place Corporation	5,473		201	5,674			
Canada Lands Company Limited							
Canada Lands Company {Mirabel} Limited	9			9			
Canada Lands Company {Vieux-Port de Québec} Inc							
Old Port of Montréal Corporation Inc	3,593	43,026		46,619			
Canada Mortgage and Housing Corporation							
Minister's Account		1,904,115		1,904,115			
Canada Museums Construction Corporation Inc	153		684	837			
Canadian Broadcasting Corporation	370,075	900,562	6,657	1,277,294			
Canadian Dairy Commission							
Dairy Support Operation Financed							
by the Government of Canada		258,801		258,801			
Canadian Film Development Corporation	20,155	145,061		165,216			
Canadian Institute for International Peace and Security	136	5,000		5,136			
Canadian Livestock Feed Board		13,637	4	13,641			
Canadian Museum of Civilization	6,319	41,480	43	47,842			
Canadian Museum of Nature	2,384	19,202		21,586			
Canadian National {West Indies} Steamships Limited	178			178			
Canadian Patents and Development Limited	1,180	799		1,979			
Defense Construction (1951) Limted	740	14,825		15,565			
Enterprise Cape Breton Corporation	1,350			1,350			
Harbourfront Corporation	5,923		10	5,933			
International Centre for Ocean Development	460	12,030	2,382	14,872			
International Development Research Centre	3,702	115,800	3,994	123,496			
Jacques Cartier and Champlain Bridges Incorporated, The	593	26,414	196	27,203			
Marine Atlantic Inc	73,192	117,450	1,450	192,092			
Mingan Associates, Ltd							
National Arts Centre Corporation	16,160		852	17,012			
National Capital Commission	32,256	89,927	8,779	130,962			
National Gallery of Canada	2,773	31,426		34,199			
National Museum of Science and Technology	966	17,134	40	18,140			
Standards Council of Canada	2,084	6,020	477	8,581			
VIA Rail Canada Inc	144,351	352,352	6,212	502,915			
Total	1,158,942	4,394,606	38,037	5,591,585			
basis for consolidation purposes	7,757	264,768	6,362	278,887			
Total on the Government accounting basis	1,166,699	4,659,374	44,399	5,870,472			

Notes to Table 5.1 are an integral part of this table.

<sup>(1)</sup> This column records only that portion of financial assistance received or receivable from the federal Government that has been credited to operations. A further amount of \$179,502 representing capital and operating appropriations received by the corporations is included in "Equity transactions with Government". Revenues "Other" include amounts generated from the sale of goods and services, investment income as well as grants where the corporations qualify as a member of a general class of recipients. The total financial assistance accounted for by the corporations during the year does not agree with the amount reported in Table 5.5 because of differences resulting from the different accounting policies followed.

							Expenses			
Equity		Equity tran with Gov		Equity			Government and			
end of year	Capital	Dividends	Adjustments	beginning of year	Net income/ loss(-)	Total	Crown corporations	Third parties co		
78,035	1,921	-153,216		220,357	8,973	624,127	221,268	402,859		
109,28	2,636			107,173	-526	117,764		117,764		
63,67				65,242	-1,571	7,245	201	7,044		
	-4				4	5		5		
203	,			203	,			2		
20.				203		46,619		46,619		
						40,019		40,017		
						1,904,115	158,730	1,745,385		
287	3,000			-276	-2,437	3,274		3,274		
700,05	130,475		1,403	651,476	-83,303	1,360,597	1,673	1,358,924		
						258,801		258,801		
19,285				15,052	4,233	160,983	1,054	159,929		
429				1,680	-1,251	6,387		6,387		
	167		-55	-379	267	13,374	137	13,237		
13,43				10,883	2,555	45,287	307	44,980		
45				765	-311	21,897		21,897		
	-1,345		-163	1,331	178					
335			-118	966	-513	2,492	1,152	1,340		
-2,002				-2,431	429	15,136		15,136		
4,723	10,400	-4,440		16,718	-17,951	19,301		19,301		
5,908	-10,100			15,059	949	4,984	1,029	3,955		
-2,100				186	-2,292	17,164		17,164		
-1,876				8,569	-10,445	133,941		133,941		
17,497	-39			18,726	-1,190	28,393	734	27,659		
-1,146		-5,839	-10,702	11,099	4,296	187,796	935	186,861		
	-355			355						
1,795	19,312		-25	446	-17,938	34,950	1,339	33,611		
336,349				317,373	18,976	111,986	6,399	105,587		
9,886	730			9,036	120	34,079		34,079		
5,505				4,993	512	17,628	2,510	15,118		
1,057				984	73	8,508	408	8,100		
667,058	40,607			664,757	-38,306	541,221	77,224	463,997		
2,028,124	197,405	-163,495	-9,660	2,140,343	-136,469	5,728,054	475,100	5,252,954		
-2,108,689	-197,405	163,495	9,660	-2,166,800	82,361	196,526	47,989	148,537		
-80,565				-26,457	-54,108	5,924,580	523,089	5,401,491		

# **Borrowings** by Consolidated Agent Crown Corporations

Table 5.3 summarizes the borrowing transactions by consolidated agent Crown corporations made on behalf of Her Majesty. This information is published to satisfy Section 49 of the Financial Administration Act (FAA) which requires that an annual statement be included in the Public Accounts. The borrowings are from

lenders other than the Government. In accordance with Section 54 of the FAA, the payment of all money borrowed by agent Crown corporations and interest thereon is a charge on and payable out of the Consolidated Revenue Fund. Such borrowings are consolidated in the summary financial statements of Canada.

**TABLE 5.3** 

# BORROWINGS BY CONSOLIDATED AGENT CROWN CORPORATIONS (in thousands of dollars)

	Balance April 1/1991	Borrowings and other credits	Payments and other charges	Balance March 31/1992
Atomic Energy of Canada Limited	17,611 1,825	1,379 655	3,300 2,300	15,690 180
Total	19,436	2,034	5,600	15,870

Notes to Table 5.1 are an integral part of this table.

# Contingent Liabilities of Consolidated Crown Corporations

Table 5.4 summarizes the contingent liabilities of the consolidated Crown corporations. A contingent liability is defined as a potential liability which may become an actual liability when one or more future events occur or fail to occur.

**TABLE 5.4** 

# CONTINGENT LIABILITIES OF CONSOLIDATED CROWN CORPORATIONS (in thousands of dollars)

	March 31, 199
Agent Crown corporations	
Canada Lands Company {Vieux-Port de Québec} Inc miscellaneous litigation	1,400
Canada Museums Costruction Corporation Inc contract disputes	8,000
Enterprise Cape Breton Corporation-loan guarantee	19,760
Defence Construction {1951} Limited-contract disputes	5,961
National Capital Commission-miscellaneous litigation and agreements	62,147
Old Port of Montréal Corporation Inccontract dispute	1,500 98,768
Non-agent Crown corporation	
Marine Atlantic Inc-contract disputes	1,263 1,263
Total	100,031

Notes to Table 5.1 are an integral part of this table.

## Financial Assistance Under Budgetary Appropriations to Consolidated Crown Corporations

Table 5.5 summarizes financial assistance under budgetary appropriations for both consolidated agent and non-agent Crown corporations. It should be read in conjunction with Table 5.2. The purpose for which payments have been made under budgetary appropriations is segregated between: (a) amounts to cover operating expenses and (b) amounts for capital expenditures.

All amounts reported represent charges to appropriations or authorities approved by Parliament.

#### **TABLE 5.5**

# FINANCIAL ASSISTANCE UNDER BUDGETARY APPROPRIATIONS TO CONSOLIDATED CROWN CORPORATIONS FOR THE YEAR ENDED MARCH 31, 1992

(in thousands of dollars)

	Financial assistance under	Pur	oose
	budgetary appropriations <sup>(1)</sup>	Operations	Capital expenditure
Agent Crown corporations			
Atomic Energy of Canada Limited	175,973	175,973	
Canada Lands Company Limited			
Old Port of Montreal Corporation Inc	42,233	42,233	
Canada Mortgage and Housing Corporation (2)	1,904,115	1,904,115	
Canada Museums Construction Corporation Inc	3,000	3,000	
Canadian Broadcasting Corporation	1,031,037	900,562	130,475
Canadian Dairy Commission	256,000	256,000	
Canadian Film Development Corporation	145,064	145,064	
Canadian Livestock Feed Board	18,746	18,746	
Canadian Museum of Civilization	41,146	41,146	
Canadian Museum of Nature	20,166	20,166	
Canadian Patents and Development Limited	799	799	
Defence Construction (1951) Limited	14,943	14,943	
Enterprise Cape Breton Corporation	10,400	10,400	
National Capital Commission	90,194	73,452	16,742
National Gallery of Canada	31,843	5,848	25,995
National Museum of Science and Technology	17,343	17,343	
	3,803,002	3,629,790	173,212
Non-agent Crown corporations			
Canada Council	106,493	106,493	
Canadian Institute for International Peace and Security	5,000	5,000	
international Centre for Ocean Development	12,030	12,030	
International Development Research Centre	115,800	115,800	
Jacques Cartier and Champlain Bridges Incorporated, The	26,376	26,376	
Marine Atlantic Inc	127,233	127,233	
National Arts Centre Corporation	21.312	21,312	
Standards Council of Canada	6.020	6,020	
VIA Rail Canada Inc	434.950	434,950	
	855.214	855,214	
Total	4,658,216	4.485.004	173,212

<sup>(1)</sup> Excludes grants and contributions paid to agent and non-agent Crown corporations where they qualify as members of a general class of recipients.

(2) Includes budgetary appropriations for Government programs known as the "Minister's account".

## CONSOLIDATED SPECIFIED PURPOSE ACCOUNTS

Consolidated specified purpose accounts are categories of budgetary revenue and expenditure which report transactions of certain accounts where enabling legislation requires that revenues be earmarked, and that related payments and expenditures be charged against such revenues.

In the past, earmarked revenues were credited to non-budgetary accounts, with related offsetting payments and expenditures charged thereto. The transactions of these accounts are reported with budgetary revenue and expenditure, in order to provide a more comprehensive reporting of the Government's operating results. Further, enabling legislation requires that the transactions in each of these accounts be accounted for separately. Table 5.6 presents a summary of the balances and transactions of these accounts, in the manner required by legislation.

The financial statements of the Unemployment Insurance Account, together with the Auditor General's report thereon, are presented at the end of this section.

TABLE 5.6

CONSOLIDATED SPECIFIED PURPOSE ACCOUNTS

		Receipts and	other credits	Payments and	l other charges	
	April 1/1991	From outside parties	Internal to the Government	With outside parties	Internal to the Government	March 31/1992
	\$	\$	\$	\$	S	S
	J.	Φ	3	Φ	Φ	J.
	177.011.005	15 202 000 041	2 420 007 752	10.502.026.051	22 201 421	(607 441 004
Unemployment Insurance Account, Table 5.7	175,911,685	15,393,889,041	3,438,985,752 3,023,000,000	19,593,936,851	22,291,431	(607,441,804 3,023,000,000
Less: interest-bearing loans	175.911.685	15,393,889,041	415.985.752	19.593.936.851	22,291,431	(3,630,441,804
Canadian Ownership	173,911,003	15,595,009,041	413,703,732	17,070,700,001	26,271,431	(5,050,441,004
Account	1,908,319,854	231,903				1,908,551,757
Add: investments made through the Canadian	1,700,317,034	251,905				1,700,551,757
Ownership Account	1,656,854,321					1,656,854,321
Canadian Ownership	1,050,054,521					1,050,054,521
special charge						
collected	3,565,174,175	231,903				3,565,406,078
Western Grain Stabilization	5,505,177,175	251,905				2,202,400,070
Account	1.836,119	62,580,646	95,127,817	910,636	137,946,004	20,687,942
Less: interest-bearing loans	1,122,011,807	02,500,040	75,127,017	710,050	59,011,807	1,063,000,000
Less. Interest bearing louis	-1,120,175,688	62,580,646	95,127,817	910,636	78,934,197	(1,042,312,058
Crop Reinsurance Fund	225,800	116,118,668	51,500,000	63,202,612	70,207,227	104,641,856
Less: interest-bearing loans	496,000,000	110,110,000	51,500,000	00,202,012		547,500,000
best merest bearing round	-495,774,200	116,118,668	31,300,000	63,202,612		(442,858,144
Agricultural Commodities	,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,	,,		,,		()
Stabilization Accounts	131,688,857	167,802,919	99,613,256	366,691,066	6,181,820	26,232,146
Less: interest-bearing loans	161,873,962		4,314,279			166,188,241
	-30,185,105	167,802,919	95,298,977	366,691,066	6.181.820	(139,956,095
Environmental Studies Research Funds	971,711	1,404,289	449,844	905,897		1,919,947
Insurance Accounts —						
Fishing Vessel Insurance Plan	24,390,938	6,994,604		6,150,025		25,235,517
Nuclear Liability	m.10.01.00	0,77.,000,		0,100,000		2012001011
Reinsurance Account	535,521	1,500				537.021
Investors' Indemnity Account	6,433	1,121	125,000	60,493		72,061
Land Assurance Fund	1,448,527	236,800	120,000	8,471		1,676,856
Health Insurance Supple-	1,110,0001			0,112		
mentary Fund	28,387					28,387
Ship-Source Oil Pollution Fund	182,406,457		16,135,878	2,012,526		196,529,809
	208,816,263	7,234,025	16,260,878	8,231,515		224,079,651
Other Specified Purpose Accounts —						
Marconi Celebration Trust Fund	27,357	42,500		36,412		33,445
Claudia de Hueck Bequest Account	384,129		26,938	64,266		346,801
Natural Sciences and Engineering Research						
Council—Donation Trust Fund	1,100	79,322		67,822		12,600
Sioux Lookout Zone Hospital	682	1,016		2,029		(331
National Battlefields Commission						
Trust Fund	192,133	2,664	14,380			209,177
Medical Research Council—						
Donations for research	812,446	564,811	67,631	738,264		706,624

#### CONSOLIDATED SPECIFIED PURPOSE ACCOUNTS—Concluded

		Receipts and	other credits	Payments and	other charges	
	April 1/1991	From outside parties	Internal to the Government	With outside parties	Internal to the Government	March 31/1992
	\$	\$	\$	\$	\$	\$
National Library— Special						
Operating Account	34,450	44,169		34,920		43,699
National Round Table on the						
Environment and Economy	15,832	145,778		81,600		80,010
National Archives of Canada Account	142,386	129		6,558		135,957
Hungarian Medical School Projects	108			108		
Canadian Centre for Occupational Health						
and Safety—Donations	6,225	42,345		6,775		41,795
Grassy Island National Historic						
Site	53,401			53,401		
Alexander Graham Bell National Historic						
Site	25,000	25,787		-3.203		53,990
Open Skies Conference	300			300		
	1,695,549	948,521	108,949	1,089,252		1,663,767
Fotal	2,306,434,390	15,750,210,012	623,232,217	20,034,967,829	107,407,448	-1,462,498,658

<sup>(1)</sup> The adjustments of \$193 million for Unemployment Insurance recoverable and \$197 million for Manitoba Hydro receivable are not included in this total.

### **Unemployment Insurance Account**

The Unemployment Insurance Act provides for a compulsory contributory unemployment insurance program applicable to all employees, with few exceptions.

The Act authorizes an account in the accounts of Canada to be known as the Unemployment Insurance Account.

The Act provides that the following be credited to the Account: (a) premiums, penalties and interest; (b) refunds of overpayments of benefits and, since November 18, 1990, of special assistance payments, and benefit repayments; (c) amounts for services rendered to other Government departments or agencies, or to the public; (d) amounts provided for any other purpose related to unemployment insurance and authorized by an appropriation administered by the Canada Employment and Immigration Commission; and, (e) interest on the balance of the Account: (a) benefits and, since November 18, 1990, special assistance payments paid under the Act; (b) costs of administer of Finance.

Maximum weekly employee premiums were \$15.30 from April 1, 1991 to June 30, 1991, \$19.04 from July 1, 1991 to December 31, 1991 and \$21.30 from January 1, 1992 to March 31, 1992. Maximum weekly benefits were \$408 from April 1, 1991 to December 31, 1991 and \$426 from January 1, 1992 to March 31, 1992.

Within the Statement of Revenue and Expenditure, receipts and other credits of \$15,394 million (\$12,706 million in 1991) are reported as revenue, while payments and other charges of \$19,594 million (\$15,601 million in 1991) are reported as expenditure.

Receipts and other credits of \$3,439 million (\$2,099 million in 1991), and payments and other charges of \$22 million, internal to the operations of the Government, have been eliminated in order to present transactions with outside parties only.

**TABLE 5.7** 

# TRANSACTIONS IN THE UNEMPLOYMENT INSURANCE ACCOUNT

(in millions of dollars)

	1991-92	1990-91
RECEIPTS AND OTHER CREDITS— Contributions—		
Employers and employees	15,772	13,009 1,549
Penalties	33	25
Interest earned	5	223
	15,810	14,806
PAYMENTS AND OTHER CHARGES—		
Benefits	18,386	14,341
Administration costs	1,207	1,260
Interest expense	23	
	19,616	15,601
Net decrease(-)	-3,806	-795
Add—Advances	3,023	
Add—Balance at beginning of year	176	971
Balance at end of year	-607	176

### **Canadian Ownership Account**

This account was established under the authority of Energy, Mines and Resources Vote 5c, Appropriation Act No 4, 1980-81. The account was credited with amounts received from the Canadian Ownership special charge levied to increase public ownership of the oil and gas industry in Canada.

The special charge was cancelled due to deregulation on June 1, 1985. Therefore, any transactions since then are as a result of adjustments due to audits.

Within the Statement of Revenue and Expenditure, receipts and other credits of \$0.2 million (\$0.2 million in 1991) are reported as revenue.

### Western Grain Stabilization Account

The purpose of the Western Grain Stabilization Act is to protect prairie grain producers from unexpected and large income declines, through the stabilization of returns on the production and sale of wheat, oats, barley, rye, domestic mustard seed, canola, flax seed, triticale, mixed grain, sunflower seed, safflower seed, buckwheat, peas, lentils, fababeans and canary seed as well as any other prescribed seed that is produced in the designated area and is a grain for which a grade has been established and designated as "Canada Western" by regulation under the Canada Grain Act.

This account records funds for this purpose which are received from:

- (a) levies paid by participating producers—a levy rate ranging from 2% to 4% applied to a participant's grain sales proceeds not exceeding \$60,000 per year;
- (b) Government contributions equal to levies paid by producers plus an additional 2% of the participating eligible grain sales proceeds of all participants on which levy has been paid by participants;
- (c) interest on the amount standing to the credit of the Account at rates and in accordance with terms and conditions determined by the Minister of Finance; and,
- (d) pursuant to Section 45 of the Western Grain Stabilization Act advances can be made from the Consolidated Revenue Fund when the balance in the Account is not sufficient for the payment of stabilization payments and other amounts required to be charged to the Account pursuant to Section 44 of the Western Grain Stabilization Act.
- (e) the outstanding advance in the account, renegotiated in the amount of \$1,063 million on December 1, 1991, will be due and payable in one year, along with interest of 7.6668%. Treatment of the account deficit upon termination of the Western Grain Stabilization Account is subject to the provision of subsection 24(3) of the Farm Income Protection Act: "The Government in

Council may, by order, fix the day on which the Western Grain Stabilization Account continued pursuant to subsection (1) shall be closed." The Western Grain Stabilization Act has been repealed and replaced by the Farm Income Protection Act effective April 1, 1991.

Within the Statement of Revenue and Expenditure, receipts and other credits of \$63 million (\$128 million in 1991) are reported as revenue, while payments and other charges of \$0.9 million (\$156 million in 1991), are reported as expenditure.

Receipts and other credits of \$95 million (\$193 million in 1991), and payments and other charges of \$138 million (\$163 million in 1991), internal to the operations of the Government, have been eliminated in order to present transactions with outside parties, only.

### **Crop Reinsurance Fund**

This Fund, is continued in the accounts of Canada pursuant to Section 13(1) of the Farm Income Protection Act, which provides insurance to participating provinces for costs they incur in operating various crop insurance schemes. The Crop Insurance Act, under which the Crop Reinsurance Fund operated, has been repealed and replaced by the Farm Income Protection Act effective April 1, 1991.

The revenue of the Fund comes from moneys paid by the provinces for the purpose of reinsurance and the expenditure of the Fund are moneys paid to the provinces under the terms of reinsurance agreements.

Within the Statement of Revenue and Expenditure, receipts and other credits of \$116 million (\$65 million in 1991) are reported as revenue, while payments and other charges of \$63 million (\$430 million in 1991), are reported as expenditure.

Receipts and other credits of \$52 million (\$364 million in 1991), internal to the operations of the Government, have been eliminated in other to present transactions with outside parties only.

# Agricultural Commodities Stabilization Accounts

The purpose of these accounts is to reduce income loss to producers from market risks through stabilizing prices. Premiums are shared equally by the Government of Canada, the governments of participating provinces and participating producers. These premiums should equal the total paid over time. There are several active accounts as follows:

- (a) hogs;
- (b) feeder cattle and slaughter cattle;
- (c) feeder calves;
- (d) lambs;
- (e) apples;

- (f) white pea beans;
- (g) kidney/cranberry and other coloured beans;
- (h) sugar beets;
- (i) honey; and,
- (i) onions.

These accounts are continued in the accounts of Canada, pursuant to Section 16(2) of the Farm Income Protection Act. The Agricultural Stabilization Act, under which the commodity accounts formerly operated, has been repealed and replaced by the Farm Income Protection Act effective April 1, 1991.

Within the Statement of Revenue and Expenditure, receipts and other credits of \$168 million (\$158 million in 1991) are reported as revenue, while payments and other charges of \$367 million (\$83 million in 1991) are reported as expenditure.

Receipts and other credits of \$100 million (\$91 million in 1991), and payments and other charges of \$6 million (\$111 million in 1991), internal to the operations of the Government, have been eliminated in order to present transactions with outside parties, only.

#### **Environmental Studies Research Funds**

These accounts were established in Energy Mines and Resources and Indian Affairs and Northern Development pursuant to Section 76(1) of the Canada Petroleum Resources Act. The purpose of the Funds is to finance environmental and social studies pertaining to the manner in which, and the terms and conditions under which, exploration development and production activities on frontier land, authorized under this Act or any other Act of Parliament, should be conducted.

Within the Statement of Revenue and Expenditure, receipts and other credits of \$1.4 million (\$0.6 million in 1991) are reported as revenue, while payments and other charges of \$0.9 million (\$0.9 million in 1991) are reported as expenditure.

Receipts and other credits of \$0.4 million, internal to the operations of the Government, have been eliminated in other to present transactions with outside parties only.

#### **Insurance Accounts**

For the following insurance accounts, within the Statement of Revenue and Expenditure, receipts and other credits of \$7 million (\$8 million in 1991) are reported as revenue, while payments and other charges of \$8 million (\$8 million in 1991) are reported as expenditure.

Receipts and other credits of \$16 million (\$18 million in 1991), internal to the operations of the Government, have been eliminated in order to present transactions with outside parties, only.

### Fishing Vessel Insurance Plan

The Fishing Vessel Insurance Plan is administered in accordance with Vote 540, Appropriation Act No. 5, 1955, extended by Vote 527, Appropriation Act No. 6, 1956 and Vote L38b, Appropriation Act No. 1, 1970, to insure fishermen against abnormal capital losses. The account is credited with premiums and recoveries, and with advances in accordance with the regulations, such advances not to exceed at any time \$150,000. The account is charged with indemnities, refunds of premiums and payments in settlement of third party vessel collision damage claims against fishermen where the collision involves a vessel insured under the Fishing Vessel Insurance Plan. Administration costs are paid from Fisheries and Oceans Vote 1.

#### **Nuclear Liability Reinsurance Account**

This account was established pursuant to Sections 16 and 17 of the Nuclear Liability Act, to record premiums and to provide for payment of claims arising from accidents at an insured facility.

#### Investors' Indemnity Account

Section 57 of the Financial Administration Act provides for this account, and for the crediting thereto of the sum of \$25,000, such further amounts as are appropriated by Parliament for the purpose of this Section, and any recovery of losses referred to in Section 58 of the Act.This sum was increased to \$50,000 by Treasury Board Submission No 817667 dated December 12, 1991.

Section 58 states that the Minister may, in accordance with and subject to regulations, pay out of the account, any losses sustained by subscribers for Government securities, who have paid all or part of the purchase price but have not received the security or repayment of the amount so paid, and losses sustained by any person in the redemption of securities.

#### Land Assurance Fund

This account was established pursuant to Sections 160 to 164 of the Land Titles Act, to indemnify title holders who suffer loss through misdescriptions in titles, and from other causes specified in the Land Titles Act. Fees are collected from the parties who register deeds with the Registrar of Land Titles in the Northwest Territories and the Yukon Territory. Interest is added to the fund annually, the present rate being 3% per annum.

#### **Health Insurance Supplementary Fund**

This account was established pursuant to Vote L16b, Appropriation Act No. 2, 1973, to record payments in respect of persons who, through no fault of their own, have lost or been unable to obtain coverage for the insured health services under the Canada Health Act, and in accordance with the Federal-Provincial Agreement on Eligibility and Portability. Contributions are made by all provinces to the account in proportion to population and are matched by the Federal Government.

#### Ship-Source Oil Pollution Fund

This account was established pursuant to Section 775 of the amended Canada Shipping Act to record levy tonnage payments for oil carried by ships in Canadian waters. Maritime pollution claims, the fee of the Fund Administrator, and related oil pollution control expenses, are to be financed out of the fund.

During the year, interest was credited to the account and charged to interest on public debt.

## **Other Specified Purpose Accounts**

For the following Other Specified Purpose Accounts, within the Statement of Revenue and Expenditure, receipts and other credits of \$0.9 million (\$2 million in 1991) are reported as revenue, while payments and other charges of \$1 million (\$2 million in 1991) are reported as expenditure.

Receipts and other credits of \$0.1 million (\$0.1 million in 1991), internal to the operations of the Government, have been eliminated in order to present transactions with outside parties, only.

#### Marconi Celebration Trust Fund

This account was established pursuant to Section 21 of the Financial Administration Act, for the purpose of raising moneys through public subscriptions and others to construct, operate and maintain a National Historic Site in Glace Bay, Nova Scotia to commemorate the efforts and accomplishments of Guglielmo Marconi in the field of wireless communications.

### Claudia de Hueck Bequest Account

This account was established pursuant to Section 21 of the Financial Administration Act and Section 15 of the Science Council of Canada Act, to record a bequest made by Mrs. Claudia de Hueck to be used to promote the study of humanities and for general educational purposes.

During the year, interest was credited to the account and charged to interest on public debt.

#### Natural Sciences and Engineering Research Council—Donation Trust Fund

This account was established by Section 27 of the Government Organization (Scientific Activities) Act, 1976 to record monies, securities or other property received by way of gift, bequest or otherwise as approved by the Natural Sciences and Engineering Research Council. The account is charged with payments and with the disposal of such monies, securities or other property, subject to the terms upon which such monies are given, bequeathed or otherwise made available to the Council, and subject to the approval of the Council.

#### Sioux Lookout Zone Hospital

This account was established under the authority of Section 21 of the Financial Administration Act to record transactions relating to a donation made by the Hospital for Sick Children Foundation to be used to finance a paediatric play program volunteer service at Sioux Lookout Zone Hospital.

#### **National Battlefields Commission Trust Fund**

This account was established at the creation of the National Battlefields Commission for the purpose of acquiring various properties for the development of the park. The moneys are received by way of private contributions, from municipal corporations, provincial governments and others, and deposited for the purposes of the Commission, as prescribed for in its Act of incorporation. Following the land acquisitions of the Commission, an amount of money remained in the account and increased over a period of years as a result of interest earned, while the Commission was listed in Schedule C of the Financial Administration Act, prior to September 1, 1984.

During the year, interest was credited to the account and charged to interest on public debt.

# Medical Research Council — Donations for Research

This account was established under Section 5(3) of the Medical Research Council Act to record donations and contributions received from organizations and individuals for biomedical research.

During the year, interest was credited to the account and charged to interest on public debt.

#### National Library—Special Operating Account

This account was established pursuant to Section 14 of the National Library Act, which also directed that (a) the account be credited with all money received for the purpose of the National Library by way of donation, bequest or otherwise and (b) any amounts required for the purpose of the Act may be paid out of the account or out of money appropriated by Parliament for such purposes.

# National Round Table on the Environment and Economy

This account was established pursuant to Section 21 of the Financial Administration Act, to record gifts and donations received from third parties, and expenses to finance various studies related to the principles of sustainable development in Canada and internationally.

#### National Archives of Canada Account

This account was established pursuant to Section 10 of the National Archives Act, to record monies received for the purposes of the National Archives, by way of donations, bequest or otherwise. Amounts received for the purposes of the National Archives Act may be paid out of this account, or out of money appropriated by Parliament for such purposes.

#### **Hungarian Medical School Projects**

This account was established pursuant to Section 21 of the Financial Administration Act, to record moneys received from the private sector. These donated funds were used to help defray the costs of the Hungarian medical school projects. This account was closed during the fiscal year 1991-92.

# Canadian Centre for Occupational Health and Safety—Donations

This account was established pursuant to Section 6(3) of the Canadian Centre for Occupational Health and Safety Act, to record moneys, securities or other property received by way of gift, bequest or otherwise, and to disburse such donations at the discretion of the Centre.

### **Grassy Island National Historic Site**

This account was established pursuant to Section 21 of the Financial Administration Act, to accept donations from Strait of Canso Industrial Development authority to develop Grassy Island as National Historic Site. This donation will be used to pay for the cost of a new visitor reception centre including interpretive displays and site development on the mainland and island. During the year, this account was closed.

#### Alexander Graham Bell National Historic Site

This account was established pursuant to Section 21 of the Financial Administration Act, to accept donations from various companies of the Canadian telecommunications industry for the redevelopment of the Alexander Graham Bell National Historic Site. These donations will be used for the construction of facilities for disabled visitors in addition to improving the reception, orientation and special events services.

#### **Open Skies Conference**

This account was established pursuant to Section 21 of the Financial Administration Act, to record donations received from the private sector for the Open Skies Conference. This account was closed during the fiscal year 1991-92.

#### SUPPLEMENTARY STATEMENT

Canada Employment and Immigration Commission relating to the Unemployment Insurance Account

AUDITOR'S REPORT

TO THE MINISTER OF EMPLOYMENT AND IMMIGRATION

I have audited the balance sheet of the Employment and Immigration Commission relating to the Unemployment Insurance Account as at December 31, 1991 and the statement of operations and deficit for the year then ended. These financial statements are the responsibility of the Commission's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Commission relating to the Unemployment Insurance Account as at December 31, 1991 and the results of its operations for the year then ended in accordance with the accounting policies set out in Note 2 to the financial statements.

L. Denis Desautels, FCA Auditor General of Canada

Ottawa, Canada June 19, 1992

BALANCE SHEET AS AT DECEMBER 31, 1991 (in thousands of dollars)

ASSETS	1991	1990	LIABILITIES AND DEFICIT	1991	1990
		(restated) (Note 3)	_		(restated) (Note 3)
Balance of the Account with Receiver General for Canada Accrued premiums receivable Due from claimants (Note 4)	717,000 216,771	2,636,303 538,000 203,836	Balance of the Account with Receiver General for Canada Unredeemed warrants Tax deductions from warrants Due to Canada (Note 5) Accrued benefits payable Advances from Canada (Note 6)	30,758 169,061 17,422 459,386 992,848 1,308,916	225,587 149,028 34,141 808,662
			Surplus (deficit)	2,978,391 -2,044,620	1,217,418 2,160,721
	933,771	3,378,139		933,771	3,378,139

The accompanying notes are an integral part of these financial statements.

Approved by the Commission:

H. BRAITER
Executive Director
Finance and Administration

A. KROEGER Chairman

# Canada Employment and Immigration Commission relating to the Unemployment Insurance

Account-Continued

STATEMENT OF OPERATIONS AND DEFICIT FOR THE YEAR ENDED DECEMBER 31, 1991 (in thousands of dollars)

	1991	1990
		(restated) (Note 3)
Revenue Premiums (Note 7) Penalties	14,760,087 62,441	12,866,502 44,723
Interest on the balance of the Account with the Receiver General for Canada	48,690	221,661
	14,871,218	13,132,886
Expenses Benefits (Note 8 and Schedule of benefits) Administration (Note 9) Bad debts Interest on advances from Canada	17,690,506 1,227,571 105,274 53,208	13,369,126 1,214,722 39,036
	19,076,559	14,622,884
Deficiency of revenue over expenses	-4,205,341	-1,489,998 2,415,832
Excess (deficiency) of revenue over expenses for the year	-4,205,341	925,834
Surplus at beginning of year As previously reported	2,431,383	1,113,439
policy (Note 3)	-270,662	121,448
As restated	2,160,721	1,234,887
Surplus (deficit) at the end of the year	-2,044,620	2,160,721

The accompanying notes are an integral part of these financial statements.

#### NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 1991

#### 1. Authority, objective and responsibilities

The Canada Employment and Immigration Commission, a departmental corporation named in Schedule II to the Financial Administration Act, administers the Unemployment Insurance Act. The objective of the Act is to provide short-term financial relief and other assistance to eligible workers. The financial transactions relating to this objective are reported through the Unemployment Insurance Account.

In the accounts of Canada, the Unemployment Insurance Account was established by Section 112 of the Act. All amounts received under this Act are deposited in the Consolidated Revenue Fund and credited to this Account. Benefits and the cost of administration of the Act are paid out of the Consolidated Revenue Fund and charged to this Account.

Under Part III of the Act, the Minister of National Revenue is responsible for collecting premiums from employers and employees.

The Minister of National Revenue is also responsible, under Part VII of the Act, to administer and enforce the provisions of the Act relating to benefit repayments.

#### 2. Accounting policies

### (a) Basis of accounting

Revenues and expenses are recorded on the accrual basis of accounting.

#### (b) Premiums

The premiums are based on an estimate of the amount to be collected and include adjustments between actual and estimated premiums of previous years.

#### (c) Benefits

Benefit expenditures represent the benefits to be paid to the claimant for the unemployment period that falls during the year, less benefit overpayments established by the Commission during the year and benefit repayments estimated to be receivable under Section 123 of the Act.

#### (d) Administration

The costs of administration of the Act are determined by the Unemployment Insurance Regulations and are charged to the Account by the Commission.

### 3. Change in an accounting policy

Starting in 1991, the financial statements reflect the conversion for benefit expense and premium revenue from the modified cash accounting to the accrual basis of accounting in order to be consistent with the recommended accounting principles for the public sector. All benefits are charged to the year during which the unemployment of claimants occurred and all premiums are credited in relation to the insurable earnings and premium rate for the year.

The effect on the statement of operations and deficit for the year was to increase the cumulative deficit by \$275 million. The new accounting policy was applied retroactively and the effect on the statement of operation and deficit was to decrease the cumulative surplus of previous years by \$270 million.

#### 4. Due from claimants

(in thousands	s of dollars)
280,190	234,449
109,260	72,855
170,930	161,594
45 841	42.242
	203,836
	280,190 109,260

Uncollectable benefit overpayments and penalties written-off during the year under authority of Section 60 of the Regulations amounted to \$68 million (\$24 million in 1990).

# Canada Employment and Immigration Commission relating to the Unemployment Insurance Account—Continued

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 1991—Continued

#### 5. Due (from) to Canada

	1991	1990
	(in thousand	s of dollars)
Premiums  Developmental assistance benefits	285,913 134,725	-96,596
Administration expenses Other	37,514 1,135	54,655 500
Interest on balance of the account with Receiver General for Canada	99	-25,240
Government's share of benefits		100,822
	459,386	34,141

#### 6. Advances from Canada

Advances from Canada are made under Section 119 of the Act and the Unemployment Insurance Account Advance Regulations, by means of promissory notes which bear annual interest compounded semi-annually at rates varying from 7.84% to 9.60%. The following table provides the financial situation as at December 31.

	1991	1990
	(in thousan	ds of dollars)
Principal to be paid	1,278,000 30,916	
	1,308,916	
=		

#### 7. Premiums

In 1991, the premium rate for employees was \$2.25 per \$100 (January to June) and \$2.80 per \$100 (July to December) of insurable earnings, compared to \$2.25 per \$100 in 1990. The premium rate for the employers, calculated at 1.4 times the employee rate, was \$3.15 per \$100 (January to June) and \$3.92 per \$100 (July to December) of an employee's insurable earnings (\$3.15 per \$100 in 1990).

Employers with qualified wage loss insurance plans are entitled to premium reductions. Employers are required to share this reduction with their employees. In 1991, the total amount of premium reductions is estimated at \$488 million (\$481 million in 1990).

#### 8. Benefits—Overpayments and underpayments

The large number of claimants to be monitored and the requirement for prompt service require selective rather than universal internal control procedures and therefore the verification of claims is mainly done after claimants have begun to receive benefits.

As a result, undetected overpayments of benefits exist which the Commission estimated at \$629 million (\$367 million in 1990) and underpayments of benefits at \$212 million (\$158 million in 1990).

#### 9. Administration costs

# ADMINISTRATION COSTS BY ACTIVITY (in thousands of dollars)

	1991	1990
-		
Unemployment insurance operations Corporate management and	506,314	477,279
administration	271,874	272,910
National employment services	259,831	260,666
CEC Management and joint services	153,162	161.094
Systems and procedures	38.021	47.082
Human resource development	50,021	17,002
programs	6,774	3,429
Advisory Council	910	796
	1,236,886	1,223,256
Less: recovery of costs for maintaining the Social Insurance Number registry and issuing replacement		
cards	9,315	8,534
	1,227,571	1,214,722

#### Administration costs—Related party transactions

The administration costs include \$94.7 million (\$89.2 million in 1990) paid to Public Works Canada for accommodation and rental costs, and \$45.3 million (\$43.1 million in 1990) to National Revenue Canada for collecting premiums from employers and employees.

In addition to those related party transactions disclosed elsewhere in these financial statements, the Account is related in terms of common ownership to all Government of Canada created departments, agencies and Crown corporations. The Account enters into transactions with these entities in the normal course of business.

#### 10. Contingent liabilities

In the normal course of the operations of the Account, certain appeals against or by the Commission are presently outstanding. In the opinion of management, the result of these appeals will not have a significant impact on the operations of the Account.

#### 11. Financial statement presentation

For comparative purposes, some 1990 figures have been reclassified to conform with the 1991 presentation.

# Canada Employment and Immigration Commission relating to the Unemployment Insurance

Account—Concluded

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 1991—Concluded

SCHEDULE OF BENEFITS FOR THE YEAR ENDED DECEMBER 31, 1991 (in thousands of dollars)

		1991		1990
	Total	Government's share	Total	Government's share
Regular	14,731,636 783,071 399,943		11,516,84 720,09 380,66 2,58	6 1
Fishing	382,212 290,913 7,424		2,38 273,69 7,96	2 198,630
	16,595,199		12,901,83	6 2,273,083
Developmental uses Training	523,214		330,51	4 115,720
costs	293,110			
Work sharing  Job creation  Supplementary training	159,232 115,541		69,78 110,09	
allowances	42,416			
	1,133,513		510,39	6 148,516
Gross benefits Less: benefit repay-	17,728,712		13,412,23	2 2,421,599
ments	38,206		43,10	6 5,767
	17,690,506		13,369,12	6 2,415,832

The use of Unemployment Insurance funds to help unemployed workers adjust to labour market change began in 1977 with the incorporation in the Unemployment Insurance Act of developmental assistance programs for Work Sharing (Section 24), Job Creation (Section 25) and Training (Section 26).

The expansion of the Developmental Uses in 1991 was a major part of the package of changes to the UI program under Bill C-21. The range of assistance can now include not only continued UI income support benefits, but also the provision of training courses and supplementary allowances (Subsection 26.1 (1)).



# section 6

1991-92 PUBLIC ACCOUNTS

# Loans, Investments and Advances

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# LOANS, INVESTMENTS AND ADVANCES

Loans, investments and advances is a category of financial claims represented by debt instruments and ownership interests held by the Government of Canada, acquired through the use of parliamentary appropriations. Some of these appropriations permit repayments to be used for further loans and advances. Many appropriations are non-lapsing, that is, unexpended balances may be carried forward from year to year. Details of the use of non-budgetary appropriations, for loans, investments and advances, can be found in the ministerial sections of Volume II (Part I).

Loans, investments and advances are recorded at cost and are subject to annual valuation to reflect reductions from the recorded value to the estimated realizable value. Foreign currency transactions are translated and recorded in Canadian dollar equivalents at the exchange rates prevailing at the transaction dates. Loans, investments and advances resulting from foreign currency transactions are, in turn, reported at year-end closing rates of exchange; net gains are credited to revenue as premium and discount on exchange, while net losses are charged to budgetary expenditure of the Department of Finance.

The allowance established to reflect reductions from the recorded value to the estimated realizable value of financial claims held by the Government has been authorized by the Minister of Finance and the President of the Treasury Board, under Section 63(2) of the Financial Administration Act.

Revenue received during the year on loans, investments and advances, is credited to return on investments; details are given in Section 11 of Volume II (Part II).

Chart A presents the total loans, investments and advances by category for the current fiscal year, while Chart B compares the total loans, investments and advances for the last five fiscal years. Table 6.1 presents the transactions and year-end balances of loans, investments and advances by category.

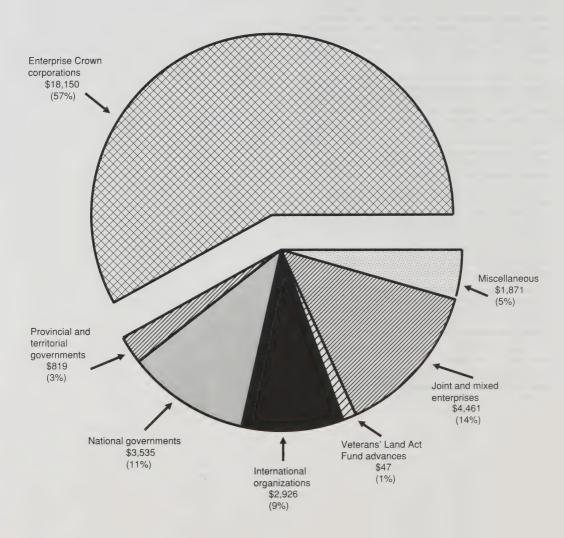
Transactions and balances are further summarized in Sections 1 and 2 of this volume.

Some tables in this section present the continuity of accounts, by showing the opening and closing balances, as well as receipts and other credits, and payments and other charges.

#### **CHART A**

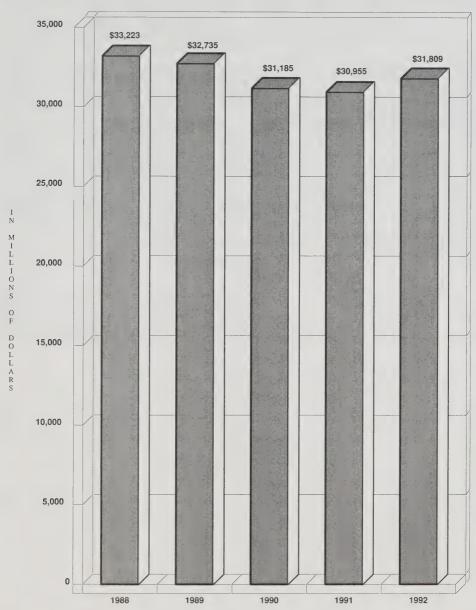
# LOANS, INVESTMENTS AND ADVANCES (1)

(in millions of dollars)



<sup>(1)</sup> Before the allowance for valuation

**CHART B**LOANS, INVESTMENTS AND ADVANCES <sup>(1)</sup>



<sup>(1)</sup> Before the allowance for valuation

# TABLE 6.1 LOANS, INVESTMENTS AND ADVANCES

	April 1/1991	Receipts and other credits	Payments and other charges	March 31/1992
Enterprise Crown corporations—				
Lending institutions, Table 6.2-				
Canada Deposit Insurance Corporation	1,225,000,000	815,000,000	1,375,000,000	1,785,000,000
Canada Mortgage and Housing Corporation	8,508,891,038	220,801,599	155,966,305	8,444,055,744
Export Development Corporation	788,200,000			788,200,000
Farm Credit Corporation	3,450,102,648	456,547,571	615,500,000	3,609,055,077
Federal Business Development Bank	294,000,000		9,400,000	303,400,000
·	14,266,193,686	1,492,349,170	2,155,866,305	14,929,710,821
All other enterprise Crown corporations, Table 6.3—				
Canadian National Railway Company	2,426,501,112	14,653,515		2,411,847,597
Other	735,585,242	763,029,541	835,853,000	808,408,701
	3,162,086,354	777,683,056	835,853,000	3,220,256,298
Less: allowance for valuation	3,600,000,000	200,000,000		3,800,000,000
otal enterprise Crown corporations	13,828,280,040	2,470,032,226	2,991,719,305	14,349,967,119
Other loans, investments and advances—				
Provincial and territorial governments, Table 6.12	937,183,927	281,218,825	162,798,617	818,763,719
National governments including developing countries,				
Table 6.13	3,475,786,381	300,617,350	359,398,330	3,534,567,36
International organizations, Table 6.14	4,898,157,903	369,607,944	650,785,235	5,179,335,194
Less: notes payable, Table 6.14	2,076,908,762	565,480,916	389,562,754	2,252,826,924
• • • • • • • • • • • • • • • • • • • •	2,821,249,141	935,088,860	1,040,347,989	2,926,508,270
Veterans' Land Act Fund advances, less allowance for				
conditional benefits, Table 6.16	60,951,837	17,467,676	3,755,794	47,239,955
Joint and mixed enterprises, Table 6.17				
Petro-Canada	4,299,126,174			4,299,126,174
Other	162,094,400			162,094,400
	4,461,220,574			4,461,220,574
Miscellaneous, Table 6.18	1,770,989,729	1,589,857,745	1,689,943,565	1,871,075,549
	13,527,381,589	3,124,250,456	3,256,244,295	13,659,375,428
Less: allowance for valuation	8,350,000,000	470,000,000		8,820,000,000
otal other loans, investments and advances	5,177,381,589	3,594,250,456	3,256,244,295	4,839,375,428
Total	19,005,661,629	6,064,282,682	6,247,963,600	19,189,342,547

# ENTERPRISE CROWN CORPORATIONS

Loans and advances to, and investments in, enterprise Crown corporations represent the balance of financial claims held by the Government against corporations for working capital, capital expenditure and other purposes, investment in the capital stock of corporations, and loans and advances to corporations for re-lending.

A Crown corporation means a parent Crown corporation or a wholly-owned subsidiary; a parent Crown corporation is wholly-owned directly by the Crown; a wholly-owned subsidiary is wholly-owned by one or more parent Crown corporations directly or indirectly through any number of subsidiaries each of which is wholly-owned directly or indirectly by one or more parent Crown corporations.

Enterprise Crown corporations are defined as those corporate organizations which are not dependent on parliamentary appropriations and whose principal activity and source of revenue is the sale of goods and services to outside parties. These include selected corporations listed in Part I and all the corporations listed in Part II of Schedule III of the Financial Administration Act, the Bank of Canada and the Canadian Wheat Board.

An enterprise Crown corporation is ultimately accountable to Parliament, through a minister of the Crown, for the conduct of its affairs. Most of the enterprise Crown corporations listed

in Schedule III to the Financial Administration Act are agents of Her Majesty in right of Canada. This status is granted in one of the following ways:

- (i) designation by Parliament, through a special act of incorporation;
- (ii) statutory authorization; and,
- (iii) proclamation by the Government Corporations Operation Act.

Financial statements of parent enterprise Crown corporations can be found in the President of the Treasury Board's Annual Report to Parliament on Crown Corporations and Other Corporate Interests of Canada. The financial statements of wholly-owned subsidiaries of enterprise Crown corporations are also included in that volume whenever their accounts are not consolidated with those of the parent corporation. These financial statements are appended to those of the related parent enterprise Crown corporation.

### **Lending Institutions**

Table 6.2 presents a summary of the balances and transactions for the various types of loans, investments and advances which were made to enterprise Crown corporations whose primary activity is to provide financial assistance.

TABLE 6.2

ENTERPRISE CROWN CORPORATIONS—LENDING INSTITUTIONS

	April 1/1991	Receipts and other credits	Payments and other charges	March 31/1992
Canada Deposit Insurance Corporation	1,225,000,000	815,000,000	1.375,000,000	1,785,000,000
Canada Mortgage and Housing Corporation-				
Capital stock	25,000,000			25.000,000
Housing	5,379,569,531	158,114,141	5,000,000	5,226,455,390
Real estate	222,914,066		25,772,537	248,686,603
Joint projects	1,518,006,766		125,193,768	1,643,200,534
Urban renewal scheme	6.370.832	1,699,120		4,671,712
Student housing projects	344,982,715	6,152,560		338,830,155
Sewage treatment projects	898,495,642	33,764,333		864,731,309
Ownership assistance	113,551,486	21,071,445		92,480,041
	8.508.891.038	220,801,599	155,966,305	8,444,055,744
Export Development Corporation	788,200,000			788,200,000
Farm Credit Corporation—				
Contributed capital	1,018,333,000		100,000,000	1,118,333,000
Notes	2,427,233,366	455,133,981	513,500,000	2,485,599,385
Farm syndicates loan fund	4,536,282	1,413,590	2,000,000	5.122.692
Tam by horoaco tour rand triving the second	3,450,102,648	456,547,571	615,500,000	3,609,055,077
Federal Business Development Bank	294,000,000	,017,1074	9,400,000	303,400,000
Total	14,266,193,686	1,492,349,170	2,155,866,305	14,929,710,821

#### Canada Deposit Insurance Corporation

The Corporation was established by the Canada Deposit Insurance Corporation Act, to provide insurance, up to \$60,000 per depositor per institution, on deposits with federal member institutions and approved provincial institutions.

The Corporation is an agent of Her Majesty, reports through the Minister of Finance, and is listed in Part I of Schedule III of the Financial Administration Act.

Section 42 of the Canada Deposit Insurance Corporation Act provides that the Minister of Finance, with the approval of the Governor in Council, may advance to the Corporation amounts by way of loans on such terms and conditions as the Governor in Council may determine. The aggregate of such loans authorized to be outstanding at any time is \$3,000,000,000.

The loans bear interest at rates from 7.07% to 7.49% per annum, and are repayable between July 6, 1992 and July 7, 1995.

During the year, the Corporation paid interest of \$221.8 million to the Government.

### Canada Mortgage and Housing Corporation

The Corporation was established by the Canada Mortgage and Housing Corporation Act, to promote the construction of new houses, the repair and modernization of existing houses, the improvement of housing and living conditions in Canada, and to promote the development of communities through the provision of infrastructure facilities.

The Corporation is an agent of Her Majesty, reports through the Minister of Public Works, and is listed in Part I of Schedule III of the Financial Administration Act.

During the year, the Corporation received financial assistance of \$1,904 million from budgetary appropriations. It paid interest of \$753.5 million to the Government.

#### Capital stock

The Government's investment in the capital of the Corporation is authorized by Section 16 of the Canada Mortgage and Housing Corporation Act.

#### Housing

Advances have been made to enable the Corporation to lend money under the following sections of the National Housing Act:

- (a) Section 24(1)—for rental housing projects on the security of a first mortgage and to sell or purchase loans made on rental housing projects;
- (b) Section 26(1)—to any person to assist in
  - (i) the construction, purchase or improvement of a low-rental housing project;
  - (ii) the purchase of existing buildings and the land upon which they are situated and their conversion into a low-rental housing project; or,

- (iii) the conversion of existing buildings into a lowrental housing project;
- (c) Section 27.5—to municipalities for selected neighbourhoods for the purpose of improving premises within the neighbourhood in respect of which the contribution is made;

#### (d) Section 51(1)—

- (i) to the owner of a family housing unit or of housing accommodation of the hostel or dormitory type for the purpose of assisting in the repair, rehabilitation or improvement thereof;
- (ii) to an occupier of a family housing unit for the purpose of assisting in the repair, rehabilitation or improvement thereof; or,
- (iii) to a non profit corporation for the purpose of assisting in the conversion of an existing residential building owned by the corporation, to a building containing a different number of family housing units, housing accommodation of the hostel or dormitory type or a different number of hostel or dormitory beds;
- (e) Section 61(1)—to cooperatives for the purpose of assisting in the construction, acquisition or improvement of a housing project;
- (f) Section 76(1)—to any person that wishes to undertake a project
  - (i) for individuals or families of low income; or,
  - (ii) to meet the needs of individuals resulting from age, infirmity or other disability;
- (g) Section 80(1)—to provinces, municipalities or public housing agencies to assist in the acquisition and the servicing of land for housing purposes;
- (h) Section 81(1)—to a province, municipality or public housing agency for the construction or acquisition of a public housing project;
- (i) Section 97(1)—to persons to whom a loan is not being made available pursuant to Part I of Section 24, the Corporation may make such a loan subject to the same terms, conditions and limitations that exist under Part I of Section 24; and,
- (j) Section 98—to Indians to assist in the purchase, improvement or construction of housing projects on Indian reserves.

The advances bear interest at rates from 3.5% to 17.625% per annum, and are repayable over 18 to 50 years, with final instalments between June 30, 1992 and September 30, 2037.

#### Real estate

Section 92(1) of the National Housing Act authorizes advances to: (a) acquire land or housing projects by way of purchase, lease or otherwise; (b) install services in and effect improvements to or in respect of land acquired, and develop and lay out such land for housing purposes; (c) construct, convert or improve housing projects; and, (d) acquire building materials and equipment and other personal property for use in connection with housing projects.

The advances bear interest at rates from 2% to 16.157% per annum, and are repayable over 50 years, with the final instalment on June 30, 2036.

#### Joint projects

Section 79(1) of the National Housing Act authorizes advances to undertake projects jointly with the government of any province or any agency thereof, for (a) the acquisition and development of land for housing purposes or for any purpose incidental thereof; (b) the construction of housing projects or housing accommodation of the hostel or dormitory type for sale or for rent; and, (c) the acquisition, improvement and conversion of existing buildings for a housing project or for housing accommodation of the hostel or dormitory type.

The advances bear interest at rates from 3% to 17.9% per annum, and are repayable over 25 to 50 years, with final instalments between June 30, 1992 and September 30, 2038.

#### Urban renewal scheme

Advances have been made to enable the Corporation to lend money under Section 25(1) of the National Housing Act, to a province or municipality, to assist in the implementation of an urban renewal scheme.

The advances bear interest at rates from 5.81% to 7.81% per annum, and are repayable over 15 to 50 years, with final instalments between September 30, 1992 and December 31, 1999.

#### Student housing projects

Advances have been made to enable the Corporation to lend money under Section 88(1) of the National Housing Act, to a province or an agency thereof, a municipality or an agency thereof, or a hospital, school board, university, college, cooperative association or charitable corporation, to assist in (a) the construction, acquisition or improvement of a student housing project; (b) the acquisition of existing buildings and their conversion into a student housing project; or, (c) the conversion of existing buildings into a student housing project.

The advances bear interest at rates from 5% to 10.054% per annum, and are repayable over 20 to 50 years, with final instalments between September 30, 1993 and September 30, 2030.

#### Sewage treatment projects

Advances have been made to enable the Corporation to lend money under Section 51 of the National Housing Act, to any province, municipality or municipal sewage corporation, to assist in the establishment or expansion of a sewage treatment project, and in the construction of a trunk storm sewer system.

The advances bear interest at rates from 5% to 10.376% per annum, and are repayable over 20 to 50 years, with final instalments between September 30, 1993 and December 31, 2023.

### Ownership assistance

Advances have been made to enable the Corporation to lend money under Sections 57(1) and 58(1) of the National Housing Act, to assist in (a) the construction of a house or a condominium unit by a person who owns the house or condominium unit and intends to occupy the house, one of the family housing units thereof or the condominium unit, or by a builder who intends to sell the house or condominium unit to a person who will own and occupy the house, one of the family housing units thereof or the condominium unit; or, (b) the acquisition of a house or condominium unit by a prospective qualified owner.

The advances bear interest at rates from 7.625% to 9.3889% per annum, and are repayable over 18 to 50 years, with final instalments between September 30, 1992 and December 31, 2008.

### **Export Development Corporation**

The Corporation was established by the Export Development Act, to facilitate and develop export trade by the provision of loans, insurance, guarantees and other financial facilities.

The Corporation is an agent of Her Majesty, reports through the Minister for International Trade, and is listed in Part I of Schedule III of the Financial Administration Act.

During the year, the Corporation received financial assistance of \$157.8 million from budgetary appropriations.

The Government's investment in the capital of the Corporation, as authorized by Section 11(1) of the Export Development Act, shall not exceed, at any time, \$1,500,000,000.

### **Farm Credit Corporation**

The Corporation was established by the Farm Credit Act, to assist Canadian farmers to establish and develop sound farm enterprises through the use of long-term credit.

The Corporation is an agent of Her Majesty, reports through the Minister of Agriculture, and is listed in Part I of Schedule III of the Financial Administration Act.

#### Contributed capital

The Government's contribution to the capital of the Corporation is authorized by Section 12(1) of the Farm Credit Act.

During the year, the authorized limit of the Government's contribution was increased to \$1,125,000,000 pursuant to Agriculture Vote 50b, Appropriation Act No. 3, 1991-92.

#### Notes

Promissory notes are issued to the Minister of Finance in respect of loans made pursuant to Section 13 of the Act, to provide the Corporation with funds for making loans to farmers. The total amount of such loans outstanding at any time may not exceed twenty-five times the capital of the Corporation.

#### PUBLIC ACCOUNTS, 1991-92

The terms and conditions of the loans, with their year-end balances, are as follows:

- (a) repayable over 20 years, bearing interest at rates from 6% to 10.145% per annum, with final instalments between July 1, 1992 and July 1, 2000, \$1,204,484,312;
- (b) repayable over 10 to 19 years, bearing interest at rates from 8.37% to 10.94% per annum, with final instalments between January 1, 1993 and November 1, 2005, \$619,333,656;
- (c) repayable over 2 to 9 years, bearing interest at rates from 8.19% to 12.13% per annum, with the final instalment on January 1, 2002, \$640,781,417; and,
- (d) repayable within 1 year, bearing interest at rates from 9.05% to 12.93% per annum, \$21,000,000.

During the year, the Corporation paid interest of \$215.4 million to the Government.

#### Farm syndicates loan fund

Advances have been made by the Minister of Finance, pursuant to Section 8 of the Farm Syndicates Credit Act, to enable the Corporation to make loans. Section 3(1) of the Act allows the Corporation to make loans to a farm syndicate for:

- (a) the purchase of farm machinery;
- (b) the purchase, erection or improvement of buildings; or,
- (c) the purchase or improvement of land on which buildings are or are to be erected for use primarily by the syndicate or its members, in their farming operations.

The total amount authorized to be outstanding at any time is \$25,000,000.

The advances bear interest at rates from 7.64% to 11.02% per annum, and are repayable in equal semi-annual instalments over 3 to 13 years, with final instalments between July 1, 1992 and February 1, 2001.

#### Federal Business Development Bank

The Corporation was established by the Federal Business Development Bank Act, to promote and assist in the establishment and development of business enterprises in Canada, by providing financial assistance, management counselling, management training, information and advice, and such other services as are ancillary or incidental to any of the foregoing.

The Corporation is an agent of Her Majesty, reports through the Minister of Industry, Science and Technology, and is listed in Part I of Schedule III of the Financial Administration Act.

During the year, the Corporation received financial assistance of \$16.1 million from budgetary appropriations.

The Government's contribution to the paid-in capital of the Corporation in the amount of \$590 million (of which \$286.6 million was charged to budgetary expenditure) is authorized by Sections 20, 28 and 52 of the Federal Business Development Bank Act.

In 1991-92, additional contributions to paid-in capital were made pursuant to Industry, Science and Technology Vote L60, Appropriation Acts No. 1 and No. 2, 1991-92.

## All Other Enterprise Crown Corporations

Table 6.3 presents a summary of the balances and transactions for the various types of loans, investments and advances which were made to enterprise Crown corporations engaged in activities other than providing financial assistance.

**TABLE 6.3** 

#### ALL OTHER ENTERPRISE CROWN CORPORATIONS

	April 1/1991	Receipts and other credits	Payments and other charges	March 31/1992
	\$	\$	\$	\$
Atomic Energy of Canada Limited <sup>(1)</sup>				
Capital stock	2,278,866,774 147,634,338 2,426,501,112	14,653,515 14,653,515		2,278,866,774 132,980,823 2,411,847,597
Petro-Canada <sup>(2)</sup>				
	2,426,501,112	14,653,515		2,411,847,597
Other—				
Bank of Canada  Canada Development Investment Corporation  Canada Ports Corporation—	5,920,000 395,658,315			5,920,000 395,658,315
Loans	1,319,333	93,155	30,000,000	1,226,178 30,000,000
Canada Post Corporation	1,319,333 80,000,000	93,155	30,000,000	<i>31,226,178</i> 80,000,000
Canadian Broadcasting Corporation**  Canadian Dairy Commission  Canadian National (West Indies) Steamships Ltd <sup>(1)</sup>	74,003,000	233,646,000	284,453,000	124,810,000
Canadian Saltfish Corporation	31,400,000	414,600,000	416,000,000	32,800,000
Cape Breton Development Corporation	31,000,000	4,000,000	3,000,000	30,000,000
Freshwater Fish Marketing Corporation	12,500,000	106,300,000	102,400,000	8,600,000
Halifax Port Corporation  Harbourfront Corporation <sup>(1)</sup> Mingan Associates, Ltd <sup>(1)</sup>	3,118,714	3,118,714		
Montreal Port Corporation	6,128,530	459,528		5,669,002
Prince Rupert Port Corporation Royal Canadian Mint—	17,179,871	300,873		16,878,998
Capital stock	40,000,000			40,000,000
Loans	10,889,021 50,889,021	22,265 22,265		10,866,756 50,866,756
Saint John Port Corporation	20,052,457			20,052,457
St John's Port Corporation	2,912,125	241,331		2,670,794
Vancouver Port Corporation VIA Rail Canada Inc <sup>(1)</sup>	3,503,876	247,675		3,256,201
	735,585,242	763,029,541	835,853,000	808,408,701
	3,162,086,354	777,683,056	835,853,000	3,220,256,298

<sup>(1)</sup> Certain Crown corporations are part of the Government's reporting entity. Additional information is provided in Section 5 of this volume and in the audited financial statements (Section 2 of this volume).

This account is now reported in Table 6.17.

#### Canadian National Railway Company

The Corporation was established by the Canadian National Railways Act, to provide, operate and manage a national system of railways.

The Corporation is not an agent of Her Majesty, reports through the Minister of Transport, and is listed in Part II of Schedule III of the Financial Administration Act.

During the year, the Corporation received financial assistance of \$2.9 million from budgetary appropriations.

The Corporation paid interest of \$12.6 million and dividends of \$77.7 million to the Government in 1991-92.

#### Capital stock

The Government's investment in the capital of the Corporation is recorded in this account.

#### Consolidated loan

The loan bears interest at the rate of 8.75% per annum, and is repayable in semi-annual instalments over 20 years, with the final instalment on June 30, 1998.

#### Bank of Canada

The Bank of Canada was established by the Bank of Canada Act, to regulate credit and currency, in the best interests of the economic life of the nation, to control and protect the external value of the national monetary unit, and to mitigate, by its influence, fluctuations in the general levels of production, trade, prices and employment so far as may be possible within the scope of monetary action, and generally to promote the economic and financial welfare of Canada.

The Bank is not an agent of Her Majesty and reports through the Minister of Finance.

The Government's investment in the capital of the Bank is authorized by Section 17 of the Bank of Canada Act. An amount of \$5,000,000 represents the par value of 100,000 shares, and the remaining balance of \$920,000 represents premiums paid in respect of the acquisition, in 1938, of shares held by the public.

During the year, the Bank remitted profit of \$1,844 million to the Government.

### **Canada Development Investment Corporation**

The Corporation was incorporated pursuant to the Canada Business Corporations Act, to:

- (a) assist in the creation or development of businesses, resources, properties and industries of Canada;
- (b) expand, widen and develop opportunities for Canadians to participate in the economic development of Canada through the application of their skills and capital in any activities carried on by the Corporation;
- (c) invest in the shares or securities of any corporation owning property or carrying on business related to the economic interests of Canada:
- (d) invest in ventures or enterprises, including the acquisition of property, likely to benefit Canada; and,

(e) carry out all activities in the best interests of Canada, operating in a commercial manner.

The Corporation is an agent of Her Majesty, reports through the Minister of State (Finance and Privatization), and is listed in Part II of Schedule III of the Financial Administration Act.

The Government's investment in the capital of the Corporation is recorded in this account. The balance in the account represents the value of 101 common shares of the Corporation without nominal or par value.

During the year, the Corporation paid dividends of \$16 million to the Government.

#### **Canada Ports Corporation**

The Corporation was established by the Canada Ports Corporation Act, to administer, manage and control Canadian harbours, and any other harbour, work or property of Canada transferred by the Governor in Council.

The Corporation is an agent of Her Majesty, reports through the Minister of Transport, and is listed in Part II of Schedule III of the Financial Administration Act.

During the year, the Corporation received financial assistance of \$83.6 million from budgetary appropriations.

#### Loans

Under the authority of the Canada Ports Corporation Act, loans are made to finance capital expenditures of various harbours under the jurisdiction of the Canada Ports Corporation. A summary of the balances and transactions for the loans made to various harbours follows:

	April 1/1991	Receipts and other credits	Payments and other charges	March 31/1992
	\$	\$	\$	\$
Belledune Chicoutimi	762,135 557,198	56,637 36,518		705,498 520,680
	1,319,333	93,155		1,226,178

The loans bear interest at rates from 6.44% to 9.09% per annum, and are repayable in equal annual instalments over 20 years, with final instalments on December 31, 2000.

The Corporation paid interest of \$99,731 and dividends of \$30,156 to the Government in 1991-92.

### Interport Loan Fund

During the year, a loan was authorized by Transport Vote L46c, Appropriation Act No. 4, 1991-92 in respect of the Interport Loan Fund.

The aggregate amount of loans authorized to be outstanding, at any time, is not to exceed \$50,000,000.

The Corporation will make repayments equal to 90% of the net income received by the Corporation from the Interport Loan Fund.

#### **Canada Post Corporation**

The Corporation was established by the Canada Post Corporation Act, to make postal services available to the public.

The Corporation is an agent of Her Majesty, reports through the Minister of State and Leader of the Government in the House of Commons, and is listed in Part II of Schedule III of the Financial Administration Act.

During the year, the Corporation received financial assistance of \$178.3 million from budgetary appropriations.

A loan has been made to the Corporation pursuant to Section 29 of the Canada Post Corporation Act, to finance capital and extraordinary restructuring costs. The aggregate amount of loans to be outstanding at any time shall not exceed \$500.000.000.

The loan bears interest at the rate of 9.705% per annum, and is repayable on April 27, 1998.

The Corporation paid interest of \$7.8 million and dividends of \$5.7 million to the Government in 1991-92.

### **Canadian Dairy Commission**

The Corporation was established by the Canadian Dairy Commission Act, to provide, to efficient producers of milk and cream, the opportunity of obtaining a fair return for their labour and investment, and to provide, to consumers of dairy products, a continuous and adequate supply of high quality dairy products.

The Corporation is an agent of Her Majesty, reports through the Minister of Agriculture, and is listed in Part I of Schedule III of the Financial Administration Act.

During the year, the Corporation received financial assistance of \$260.9 million from budgetary appropriations.

Loans have been made to the Corporation, to finance its dealings in dairy products. The total amount authorized to be outstanding at any time is \$300,000,000.

The loans bear interest at rates from 6.9535% to 13.885% per annum, and are repayable within 1 year.

The Corporation paid interest of \$8.4 million to the Government in 1991-92.

#### **Canadian Saltfish Corporation**

The Corporation was established by the Saltfish Act, to improve the earnings of primary producers of cured cod fish.

The Corporation is an agent of Her Majesty, reports through the Minister of Fisheries and Oceans, and is listed in Part I of Schedule III of the Financial Administration Act.

Loans have been made to the Corporation, pursuant to Section 16 of the Saltfish Act, to enable it to carry on its operations.

The aggregate amount of loans authorized to be outstanding at any time, borrowed from all lenders, is \$50,000,000.

The terms and conditions of the loans, with their year-end balances, are as follows:

- (a) repayable within 1 year, bearing interest at the rate of 7.1364% per annum, with final instalment due January 9, 1993, \$32,000,000; and,
- (b) repayable over 10 years, bearing interest at the rate of 10.94% per annum, with the final instalment on March 30, 2000, \$800,000.

During the year, the Corporation paid interest of \$2.5 million to the Government.

#### **Cape Breton Development Corporation**

The Corporation was established by the Cape Breton Development Corporation Act, to stimulate economic adjustment and expansion on Cape Breton Island, while rationalizing the coal industry.

The Corporation is an agent of Her Majesty, reports through the Minister of Industry, Science and Technology, and is listed in Part I of Schedule III of the Financial Administration Act.

During the year, the Corporation received financial assistance of \$31 million from budgetary appropriations.

Advances have been made for the purpose of providing working capital for the coal division of the Corporation. The total amount authorized to be outstanding at any time is \$50,000,000.

The advances are non-interest bearing and have no fixed repayment dates.

#### Freshwater Fish Marketing Corporation

The Corporation was established by the Freshwater Fish Marketing Act, to regulate interprovincial and export trade in freshwater fish, and to market and trade in fish.

The Corporation is an agent of Her Majesty, reports through the Minister of Fisheries and Oceans, and is listed in Part I of Schedule III of the Financial Administration Act.

Loans have been made to the Corporation, pursuant to Section 16 of the Freshwater Fish Marketing Act, to enable it to carry on its operations.

The aggregate amount of loans authorized to be outstanding at any time, borrowed from all lenders, was decreased from \$26,000,000 to \$16,900,000 in 1991-92.

The loan bears interest at the rate of 7.2665% per annum, and is repayable on April 10, 1992.

During the year, the Corporation paid interest of \$0.9 million to the Government.

#### Halifax Port Corporation

The Corporation was established by the Canada Ports Corporation Act, to administer, manage and control the Port of Halifax.

The Corporation is an agent of Her Majesty, reports through the Minister of Transport, and is listed in Part II of Schedule III of the Financial Administration Act.

Loans were made to finance capital expenditures related to the Port of Halifax.

During the year, the Corporation paid interest of \$379,548 and dividends of \$78,356 to the Government.

In 1991-92, the remaining loan was repaid in full.

#### **Montreal Port Corporation**

The Corporation was established by the Canada Ports Corporation Act, to administer, manage and control the Port of Montreal.

The Corporation is an agent of Her Majesty, reports through the Minister of Transport, and is listed in Part II of Schedule III of the Financial Administration Act.

Loans have been made to finance capital expenditures related to the Port of Montreal.

The remaining loan bears interest at the rate of 6.25% per annum, and is repayable in equal annual instalments over 20 years, with the final instalment on December 31, 2000.

During the year, the Corporation paid interest of \$383,033 and dividends of \$1.3 million to the Government.

#### **Prince Rupert Port Corporation**

The Corporation was established by the Canada Ports Corporation Act, to administer, manage and control the Port of Prince Rupert.

The Corporation is an agent of Her Majesty, reports through the Minister of Transport, and is listed in Part II of Schedule III of the Financial Administration Act.

Loans have been made to finance capital expenditures related to the Port of Prince Rupert.

The terms and conditions of the loans, with their year-end balances, are as follows:

- (a) bearing interest at rates of 9.8% to 9.86% per annum, repayable in equal annual instalments over 20 years, with the final instalment on December 31, 2009, \$4,331,868; and,
- (b) bearing interest at the rate of 10.40% per annum, repayable in equal annual instalments over 20 years, with the final instalment on December 31, 2010, \$12,547,130.

During the year, the Corporation paid interest of \$1.8 million and dividends of \$80,304 to the Government.

#### Royal Canadian Mint

The Corporation was established by the Royal Canadian Mint Act to:

- (a) produce and arrange for the production and supply of coins of the currency of Canada;
- (b) produce coins of the currency of other countries;
- (c) melt, assay, refine, buy and sell gold, silver and other metals for the account of Canada; and,
- (d) make medals, plaques and other things as are incidental to the powers of the Mint.

The Corporation is an agent of Her Majesty, reports through the Minister of Supply and Services, and is listed in Part II of Schedule III of the Financial Administration Act.

#### Capital stock

Section 3.1(1) of the Royal Canadian Mint Act states that the authorized capital of the Mint is \$40,000,000 divided into four thousand shares of ten thousand dollars each. All authorized capital is issued.

#### Loans

Section 17(1) of the Act states that the Mint may borrow money from the Consolidated Revenue Fund or any other source but the aggregate of the amounts loaned to the Mint and outstanding at any time shall not exceed \$50,000,000.

Section 17(3) of the Act states that the Mint shall not borrow money without the approval of the Minister of Finance with respect to the time and the terms and conditions of the transaction.

The loans bear interest at rates from 8.25% to 12% per annum, and are repayable annually, with final instalments between April 1, 1995 and April 1, 1998.

During the year, the Corporation paid interest of \$1.2 million and dividends of \$6.3 million to the Government.

#### Saint John Port Corporation

The Corporation was established by the Canada Ports Corporation Act, to administer, manage and control the Port of Saint John.

The Corporation is an agent of Her Majesty, reports through the Minister of Transport, and is listed in Part II of Schedule III of the Financial Administration Act.

Loans have been made to finance capital expenditures related to the Port of Saint John.

The terms and conditions of the loans, with their year-end balances, are as follows:

- (a) bearing interest at rates from 11% to 11.875% per annum, repayable at maturity on December 31, 1998 and December 31, 1999, \$10,817,600;
- (b) bearing interest at the rate of 12.43% per annum, repayable at maturity on December 31, 2000, \$6,665,062; and.
- (c) bearing interest at the rate of 11.625% per annum, repayable at maturity on December 31, 2005, \$2,569,795.

During the year, the Corporation paid interest of \$1.5 million and a cash contribution of \$0.8 million to the Government.

### St John's Port Corporation

The Corporation was established by the Canada Ports Corporation Act, to administer, manage and control the Port of St John's

The Corporation is an agent of Her Majesty, reports through the Minister of Transport, and is listed in Part II of Schedule III of the Financial Administration Act.

Loans have been made to finance capital expenditures related to the Port of St John's.

The terms and conditions of the loans, with their year-end balances, are as follows:

- (a) bearing interest at the rate of 9.33% per annum, repayable in equal annual instalments over 20 years, with the final instalment on December 31, 2000, \$1,172,079;
- (b) bearing interest at the rate of 10.015% per annum, repayable in equal annual instalments over 10 years, with the final instalment on December 31, 1997, \$708,944;
- (c) bearing interest at the rate of 9.785% per annum, repayable in equal annual instalments over 10 years, with the final instalment on December 31, 1998, \$592,948; and.
- (d) bearing interest at the rate of 9.375% per annum, repayable in equal annual instalments over 10 years, with the final instalment on December 31, 1998, \$196,823.

During the year, the Corporation paid interest of \$280,185 and dividends of \$32,312 to the Government.

### Vancouver Port Corporation

The Corporation was established by the Canada Ports Corporation Act, to administer, manage and control the Port of Vancouver.

The Corporation is an agent of Her Majesty, reports through the Minister of Transport, and is listed in Part II of Schedule III of the Financial Administration Act.

Loans have been made to finance capital expenditures related to the Port of Vancouver.

The remaining loan bears interest at the rate of 7.5% per annum, and is repayable in equal annual instalments over 20 years, with the final instalment on December 31, 2000.

During the year, the Corporation paid interest of \$262,791 and dividends of \$7.7 million to the Government.

## Summary Financial Statements of Enterprise Crown Corporations

The following tables display details of the assets, liabilities, revenues and expenses of enterprise Crown corporations.

Tables 6.4 to 6.6 present the assets, liabilities, revenues, expenses and changes to the equity of enterprise corporations grouped in five segments. The segment of competitive, self-sustaining corporations consists of those corporations named in Part II of Schedule III of the Financial Administration Act.

For those corporations having other year ends, the data are based on unaudited interim financial statements which have been prepared on a basis consistent with the most recent audited financial statements.

The tables summarize the financial transactions and results of operations of each enterprise Crown corporation in accordance with its own respective accounting policies. Most Crown corporations follow the generally accepted accounting principles used by private sector companies, as outlined in the Handbook of the Canadian Institute of Chartered Accountants.

Financial assets include cash, receivables, loans and investments. Physical assets and deferred charges represent the unexpensed portion of non-financial assets such as buildings, machinery and equipment in use or under construction, inventories and other items of expenditure which will be expensed as these assets are used. Financial assets and liabilities in respect of the Government and other Crown corporations represent the unpaid balances arising from financing transactions and normal operating activities. Borrowings from outside parties represent amounts repayable to institutional and other investors. Other liabilities are amounts due in respect of purchases, employee termination and pension benefits, accrued interest on borrowings, long-term capital leases and sundry accounts payable.

Revenues include financial assistance received or receivable from the Government in respect of the current year's operations. Expenses are segregated between third parties, Government and other Crown corporations to produce a net income or loss. Adjustments include prior period adjustments and other miscellaneous items as recorded by the Corporations. Equity transactions with the Government include dividends declared or transfers of profits to the Government as well as equity infusions provided by the Government.

These tables present consolidated financial information on parent enterprise Crown corporations and financial information on unconsolidated wholly-owned subsidiaries. The President of the Treasury Board's Annual Report to Parliament on Crown Corporations and Other Corporate Interests of Canada includes a complete list of all parent Crown corporations, wholly-owned subsidiaries, other subsidiaries and associates.

Enterprise Crown corporations are also categorized as being either agents or non-agents of the Crown. Agency status may be expressly stated in the incorporating legislation or conferred under the provisions of the Government Corporations Operation Act. In accordance with Section 54 of the Financial Administration Act, the payment of all money borrowed by agent Crown corporations and interest thereon is a charge on and payable out of the Consolidated Revenue Fund. Such borrowings therefore constitute obligations of the Government and are recorded as such in the summary financial statements of Canada net of borrowings expected to be repaid directly by these corporations. The gross amounts of such borrowings are included under "Liabilities, Outside Parties". A summary of such borrowings and the changes during the year ended March 31, 1992 is presented in Table 6.7.

Borrowings by non-agent Crown corporations are not, in law, obligations of the Government. However, when the Government expressly guarantees such borrowings, they become potential obligations of the Government. Such guarantees amounted to \$0.1 million as at March 31, 1992. A summary of borrowing transactions by non-agent enterprise Crown corporations is presented in Table 6.8. The maturity and currency of enterprise Crown corporations' borrowings is presented in Table 6.9. Contingent liabilities of enterprise Crown corporations are presented in Table 6.10.

A summary of financial assistance under Government budgetary appropriations to enterprise Crown corporations for the year ended March 31, 1992 is provided in Table 6.11. Differences in figures reported in Table 6.6 and those reported in Table 6.11 result from the use of different accounting policies and from items in transit.

TABLE 6.4

SUMMARY COMBINED FINANCIAL STATEMENTS OF ENTERPRISE CROWN CORPORATIONS BY SEGMENT (in thousands of dollars)

	Competitive, self-sustaining	Bank of Canada	Lending and insurance	Marketing	Other	Total
ASSETS AND LIABILITIES AND						
EQUITY						
AS AT MARCH 31, 1992						
Assets						
Financial						
Outside parties	1,990,822	588,771	23,326,509	7,350,978	63,807	33,320,887
Government and other Crown	570,534	23,767,555	1,230,163	785,533	17 106	26 401 271
corporations					47,486	26,401,271
Total financial assets	2,561,356 9,440,062	24,356,326 211,406	24,556,672 493,752	8,136,511 792,582	111,293 893,198	59,722,158 11,831,000
,	12,001,418	24,567,732	25,050,424	8.929.093	1,004,491	71,553,158
Fotal assets	12,001,418	24,367,732	25,050,424	8,929,093	1,004,491	/1,555,158
Liabilities						
Outside parties	2 770 262		0.000.100	7 227 242	1.010	20 202 504
Borrowings	3,770,362		9,283,182	7,327,243	1,812	20,382,599
amounts owing to depositors		24.098.767				24,098,767
Other liabilities	2,619,525	358.417	1.850.287	1.398.353	141.988	6,368,570
Government and other Crown	2,017,525	550,417	1,050,207	1,550,555	141,700	0,500,571
corporations	599,320	80,548	12,969,238	186,357	34,506	13,869,969
Total liabilities	6,989,207	24,537,732	24,102,707	8,911,953	178,306	64,719,90
Equity of Canada	5,012,211	30,000	947,717	17,140	826,185	6,833,253
Total liabilities and equity	12,001,418	24,567,732	25,050,424	8,929,093	1,004,491	71,553,158
Contingent liabilities	475,814		106,146	9,276	6,143	597,379
REVENUES, EXPENSES AND CHANGES IN						
EQUITY						
FOR THE YEAR ENDED MARCH 31, 1992						
Revenues						
Outside parties	8,810,418		2,640,831	4,709,102	403,059	16,563,410
Government and other Crown						
corporations						
Financial assistance	43,700	2 224 400	15,249	861,476	31,000	951,425
Other	1,042,996	2,324,400	152,126	21,338	12,908	3,553,768
Total revenues	9,897,114	2,324,400	2,808,206	5,591,916	446,967	21,068,603
Expenses						
Outside parties	9,725,635	205,600	1,794,580	5,563,490	446,051	17,735,356
Government and other Crown corporations	661,757		991,908	29,189	24.487	1,707,341
	10,387,392	205,600	2,786,488	5.592.679	470.538	19,442,697
Total expenses						
Net income/loss(-) for the year	-490,278 8,094,256	2,118,800 30,000	21,718 896,183	-763 19,743	-23,571 905,782	1,625,906 9,945,964
Adjustments	-26	30,000	070,103	17,743	-62,227	-62,253
Equity transactions with the Government	20				02,227	02,200
Dividends	-72,092	-2,118,800	-79,584	-1,840		-2,272,316
Capital	-2,519,649		109,400		6,201	-2,404,048
Equity of Canada, end of the year	5,012,211	30,000	947,717	17,140	826,185	6,833,253

Notes to Table 6.5 are an integral part of this table.

#### TABLE 6.5

# FINANCIAL POSITION OF ENTERPRISE CROWN CORPORATIONS —ASSETS AND LIABILITIES AS AT MARCH 31, 1992

(in thousands of dollars)

		Assets		
	Fin	ancial		
			Physical	
		Government	assets and	
	Outside	and other	deferred	
Enterprise Crown corporations <sup>(1)</sup>	parties	Crown corporations	charges	Total
Competitive, self-sustaining				
Canada Development Investment Corporation (2)	358,044	(142,932)	1,492	216,60
Nordion International Inc.				
Theratronics International Limited	13,289		13,970	27,25
Canada Ports Corporation	6,957	99,558	95,000	201,51
Canada Post Corporation	309,416	60,532	2,091,967	2,461,91
Canadian National Railway System	433,412	170,758	6,475,672	7,079,84
Halifax Port Corporation	2,971	7,395	58,041	68,40
Montreal Port Corporation	12,306	43,953	161,060	217,31
Petro-Canada <sup>(3)</sup>				
Petro-Canada Limited <sup>(3)</sup>	809,520	223,713		1,033,23
Port of Quebec Corporation	2,705	2,407	55,295	60,40
Prince Rupert Port Corporation	5.474	6,890	102,738	115.10
Royal Canadian Mint	17,020	1,378	82,008	100,40
Saint John Port Corporation	1.019	7,074	81,854	89,94
St John's Port Corporation	502	3,507	13,885	17.89
Teleglobe Canada (4)	279	3,307	15,005	28
			207.000	
Vancouver Port Corporation	17,908	86,292	207,080	311,28
Total-Competitive, self-sustaining	1,990,822	570,534	9,440,062	12,001,41
Bank of Canada	588,771	23,767,555	211,406	24,567,73
Lending and Insurance				
Canada Deposit Insurance Corporation	1,111,941	24,862	43,803	1,180,60
Canada Mortgage and Housing Corporation	8,518,053	91,130	56,818	8,666,00
Insurance Programs	154,261	1,091,716	152,482	1,398,45
Export Development Corporation	7,459,349	8,960		7,468,30
Farm Credit Corporation	3,445,586	11,116	231,703	3,688,40
Federal Business Development Bank	2,637,319	2,379	8,946	2,648,64
Cotal-Lending and insurance	23,326,509	1,230,163	493,752	25,050,42
Marketing				
Canadian Commercial Corporation	677,058	450		677,50
Canadian Dairy Commission  Marketing operations	23,202	41.138	148,210	212,55
		41,136	1,391	5.24
Canadian Saltfish Corporation	3,856	742.045		
Canadian Wheat Board, The	6,639,567	743,945	628,201	8,011,71
Freshwater Fish Marketing Corporation  Fotal-Marketing	7,295 7.350.978	785.533	14,780 792,582	22,07 8,929,09
Other	1,000,770	700,000	7.5	0,227,07
	625		1,181	1,81
Atlantic Pilotage Authority	635	14.047		
Cape Breton Development Corporation	29,078	14,947	349,924	393,94
Great Lakes Pilotage Authority, Ltd	22		32	5
Laurentian Pilotage Authority	2,609		538	3,14
Pacific Pilotage Authority	4,870	00.500	782	5,65
St. Lawrence Seaway Authority, The	26,199	32,539	540,296	599,03
Seaway International Bridge Corporation Ltd, The	394 <i>63,807</i>	47,486	445 893,198	1,004,49
_	· · · · · · · · · · · · · · · · · · ·			
Total-Enterprise	33,320,887	26,401,271	11,831,000	71,553,15

All enterprise Crown corporations listed in this table are parent Crown corporations except the Seaway International Bridge Corporation, Ltd which is an unconsolidated subsidiary.

Canada Development Investment Corporation (CDIC): During 1988, the operating assets of Canada Eldor Inc. (CEI) (Iomerly Eldorado Nuclear Limited) were transferred to Cameço. A Canadian Mining & Energy Corporation (Cameço) in exchange for notes and a 38 5% of Canada Canada And Cana

				Liabilities	
m				parties	Outside
Tota			Government		
liabilit	Equity		and other		
and	of	Total	Crown		
equit	Canada	liabilities	corporations	Other	Borrowings
216,60	-533,608	750,212	10,000	27,418	712,794
27,2	13,281	13,978	470	13,508	
201,5	-64,200	265,715	47,117	18,461	200,137
2,461,9	1,311,651	1,150,264	219,810	875,454	55,000
7,079,8	3,503,144	3,576,698	203,986	1,570,199	1,802,513
68,40	63,037	5,370	2,781	2,589	1,002,515
217,3	199,165	18,154	6,644	11,510	
217,3	199,103	10,134	0,044	11,510	
1,033,2	5,864	1,027,369	010	47,147	980,222
60,40	57,042	3,365	317	3,048	
115,10	44,714	70,388	69,096	1,292	
100,40	58,920	41,486	11,728	29,758	
89,94	46,157	43,790	21,256	2,838	19,696
17,89	14,363	3,531	2,787	744	
28	280	8	8		
311,28	292,401	18,879	3,320	15,559	
12,001,4	5,012,211	6,989,207	599,320	2,619,525	3,770,362
24,567,73	30,000	24,537,732	80,548	24,457,184	
1,180,60	-634,130	1,814,736	1,812,015	2,721	
8,666,00	50,000	8,616,001	8,539,093	76,908	
1,398,45	117,862	1,280,597	62,318	1,218,279	
7,468,30	845,634	6,622,675	8,425	393,653	6,220,597
3,688,40	268,130	3,420,275	2,546,951	59,865	813,459
2,648,64	300,221	2,348,423	436	98,861	2,249,126
25,050,42	947,717	24,102,707	12,969,238	1,850,287	9,283,182
23,030,42	947,/17	24,102,707	12,909,230	1,030,207	9,203,102
677,50	46,184	631,324	1,434	629,890	
212.5		010.550	40.5 (00.0)	05.000	
212,55	20.044	212,550	126,728	85,822	
5,24	-29,044	34,291	33,025	1,266	
8,011,71		8,011,713	19,770	668,906	7,323,037
22,07		22,075	5,400	12,469	4,206
8,929,09	17,140	8,911,953	186,357	1,398,353	7,327,243
1.01	104	1.020	15	1.110	705
1,81	-104	1,920	15	1,110	795
393,94	262,642	131,307	34,491	96,816	
5	-3,638	3,692		3,692	4.000
3,14	-3,006	6,153		5,144	1,009
5,65	3,333	2,319		2,319	
599,03	566,950	32,084		32,084	
83	8	831		823	8
1,004,49	826,185	178,306	34,506	141,988	1,812
71,553,15	6,833,253	64,719,905	13,869,969	30,467,337	20,382,599

On February 1, 1991, the Petro-Canada Public Participation Act received Royal Assent. The Act provides that: the name of the Corporation be changed from Petro-Canada to Petro-Canada Limited, the name of the former principal operating subsidiary of the Corporation is changed from Petro-Canada Inc. to Petro-Canada, and the shares of Petro-Canada held by the Corporation are transferred to the Minister of State (Finance and Privatization).

On April 4,1987, the Teleglobe Canada Reorganization and Divestiture Act received Royal Assent pursuant to the letter of intent signed February 11,1987 selling the assets of Teleglobe Canada to Memotec Data Inc. The Corporation is potentially liable for bills of exchange. The liability amounts to £6,138,325 (\$13,253,258) as at March 31,1992 and matures in 1993.

#### TABLE 6.6

# REVENUES, EXPENSES AND OTHER CHANGES IN EQUITY OF ENTERPRISE CROWN CORPORATIONS FOR THE YEAR ENDED MARCH 31, 1992

(in thousands of dollars)

		Reve	enues	
			nment and orporations	
Enterprise Crown corporations	Outside parties	Financial assistance (1)	Other	- Total
Competitive, self-sustaining				
Canada Development Investment Corporation  Nordion International Inc.	29,337		1,193	30,530
Theratronics International Limited	48,362		180	48,542
Canada Ports Corporation	37,677	30,000	8,472	76,149
Canada Post Corporation	3,531,130	30,000	341,629	3,872,759
Canadian National Railway System	3,550,840		557.528	4,108,368
	12,441		625	13.066
Halifax Port Corporation  Montreal Port Corporation	49,146		11.871	61.017
Petro-Canada	1,129,520		39,537	1,169,057
	95,804	13,700	41.715	151,219
Petro-Canada Limited	14.802	15,700	1.214	16.016
Port of Quebec Corporation	,		554	15,369
Prince Rupert Port Corporation	14,815			
Royal Canadian Mint	220,601		29,458	250,059
Saint John Port Corporation	11,413		906	12,319
st John's Port Corporation	3,314		370	3,684
eleglobe Canada	24			2
Vancouver Port Corporation	61,192		7,744	68,936
Fotal-Competitive, self-sustaining	8,810,418	43,700	1,042,996 2,324,400	9,897,114 2,324,400
Bank of Canada			2,324,400	2,524,400
Lending and insurance	301,458		5.383	306,841
Canada Deposit Insurance Corporation	723,214		45,629	768,843
Canada Mortgage and Housing Corporation			100.571	
Insurance Programs	211,049			311,620
Export Development Corporation	633,682		543	634,225
Farm Credit Corporation	418,609			418,609
Federal Business Development Bank	352,819	15,249		368,068
Total-Lending and insurance	2,640,831	15,249	152,126	2,808,206
Canadian Commercial Corporation	761,649	14,060		775,709
Canadian Dairy Commission	701,049	14,000		113,109
Marketing operations	398,415		21,104	419,519
Canadian Saltfish Corporation	3,010		234	3,244
Canadian Wheat Board, The	3,494,545	847,416	234	4.341.961
Freshwater Fish Marketing Corporation	51.483	047,410		51.483
Total-Marketing	4,709,102	861,476	21.338	5,591,916
Other	4,702,102	001,470	21,556	5,551,510
	7,308		25	7,333
Atlantic Pilotage Authority	247,648	31,000	6.977	285,625
Cape Breton Development Corporation	247,648 7,804	31,000	0,9//	7,804
Great Lakes Pilotage Authority, Ltd	7,804 28.612			28,612
Laurentian Pilotage Authority				,
Pacific Pilotage Authority	34,236		5.000	34,236
St. Lawrence Seaway Authority, The	73,547		5,906	79,453
Seaway International Bridge Corporation Ltd, The Fotal-Other	3,904 403,059	31,000	12,908	3,904 446,967
_				
Total-Enterprise	16,563,410	951,425	3,553,768	21,068,603

Notes to Table 6.5 are an integral part of this table

This column records only that portion of financial assistance received or receivable from the federal Government that has been credited to operations. A further amount of \$195,405 representing capital and operating appropriations received by the corporations where the corporations with Government. Revenues. Other include amounts generated from the sale of goods and services, investment income as well as grants where the corporations qualify as a member of a general class or ecipients. The total financial assistance accounted for by the corporations during the year does not agree with the amount reported in Table 6.11 because of differences resulting from the different accounting policies followed.

	enses							
	Government and			Equity			ransactions	Equity
Outside	Crown		Income/or beginning					
parties	corporations	Total	loss(-)	of the year	Adjustments	Dividends	Capital	end of year
178,177		178,177	-147,647	-369,997		-15,964		-533,608
				146,404			-146,404	
46,718	571	47,289	1,253	12,028				13,281
303,334	-6,574	296,760	-220,611	97,967		-30	58,474	-64,200
3,540,896	459,393	4,000,289	-127,530	1,444,918		-5,737		1,311,651
3,876,383	172,217	4,048,600	59,768	3,478,376		-35,000		3,503,144
11,256	1,120	12,376	690	62,425		-78		63,037
48,355	4,756	53,111	7,906	192,582		-1,323		199,165
1,256,579	10,732	1,267,311	-98,254	2,529,941			-2,431,687	
135,875	9,560	145,435	5,784		80			5,864
14,719	841	15,560	456	56,586				57,042
12,263	1,755	14,018	1,351	43,469	-106			44,714
250,703	1,317	252,020	-1,961	67,181		6,300		58,920
9,769	2,426	12,195	124	46,033				46,157
2,286	632	2,918	766	13,629			-32	14,363
37	-5	32	-8	288				280
38,285	3,016	41,301	27,635	272,426		-7,660		292,401
9,725,635	661,757	10,387,392	-490,278	8,094,256	-26	-72,092	-2,519,649	5,012,211
205,600		205,600	2,118,800	30,000		-2,118,800		30,000
85,520	176,636	262,156	44.685	-678,815				-634,130
232,418	511.841	744,259	24,584	50,000		-24,584		50,000
264,612	79,160	343,772	-32,152	205,014		-55,000		117,862
596,473	-2,502	593,971	40,254	805,380		,		845,634
170,992	226,051	397,043	21,566	146,564			100,000	268,130
444,565	722	445.287	-77,219	368,040			9,400	300,221
1,794,580	991,908	2,786,488	21,718	896,183		-79,584	109,400	947,717
764,748	8,246	772,994	2,715	45,309		-1,840		46,184
402,113	17,406	419,519						
4,018	2,704	6,722	-3,478	-25,566				-29,044
4.341.961	2,701	4.341.961	5,170	20,000				25,071
50.650	833	51.483						
5,563,490	29,189	5,592,679	-763	19,743		-1,840		17,140
8,068	25	8,093	-760	656				-104
284,022	19,235	303,257	-17.632	342,511	-62,237			262,642
9,666	Lynno	9,666	-1,862	-3,220	OMIGNOT		1,444	-3,638
33,790		33,790	-5,178	-2,585			4,757	-3,006
33,046		33,046	1,190	2,143			1,757	3,333
75,292	3,490	78.782	671	566,269	10			566,950
2,167	1,737	3,904	0/1	8	10			300,930
446,051	24,487	470,538	-23,571	905,782	-62,227		6,201	826,185
. 10,002	27,707	470,000	20,011	202,702	On just 7		0,202	020,100

# **Borrowings by Agent Enterprise Crown Corporations**

Table 6.7 summarizes the borrowing transactions by agent enterprise Crown corporations made on behalf of Her Majesty. This information is published to satisfy Section 49 of the Financial Administration Act (FAA) which requires that "An annual statement of all borrowing transactions on behalf of Her Majesty shall be included in the Public Accounts". The borrowings are from other than the Government. In accordance with Section 54 of the FAA, the payment of all money borrowed by agent enterprise Crown corporations and interest thereon is a charge on and payable out of the Consolidated Revenue Fund. Such borrowings therefore constitute obligations of the Government and are recorded as such in the summary financial statements of Canada net of borrowings expected to be repaid directly by these corporations. As at March 31, 1992, an allowance for borrowings expected to be repaid by the Government was established at \$3,430 million.

Borrowings by non-agent enterprise Crown corporations are not included in this table because such borrowings are not on behalf of Her Majesty. Table 6.8 provides information on borrowings of such corporations.

TABLE 6.7

BORROWINGS BY AGENT ENTERPRISE CROWN CORPORATIONS (in thousands of dollars)

	Balance April 1/1991	Borrowings and other credits	Repayments and other charges	Balance March 31/1992
Canada Development Investment Corporation	611,706	101,088		712,794
Canada Ports Corporation		224,500	24,363	200,137
Canada Post Corporation	55,000			55,000
Canadian Saltfish Corporation		1,540	1,540	
Canadian Wheat Board, The	6,449,293	41,869,270	40,995,526	7,323,037
Export Development Corporation	5,684,555	98,618,365	98,082,323	6,220,597
Farm Credit Corporation	1,128,391	1,571,656	1,886,588	813,459
ederal Business Development Bank	2,270,863	3,856,088	3,877,825	2,249,126
reshwater Fish Marketing Corporation	667	3,585	46	4,206
etro-Canada Limited	1,656,372	1,689	677,839	980,222
Saint John Port Corporation	19,696			19,696
Seaway International Bridge Corporation, Ltd., The	8			ŏ
Fotal	17,876,551	146,247,781	145,546,050	18,578,282
Allowance for borrowings of agent enterprise Crown corporations  expected to be repaid by the Government	-3,550,000	120,000		-3,430,000
Borrowings expected to be repaid by agent enterprise Crown corporations reported on the Statement of Assets and Liabilities	14,326,551	146,367,781	145,546,050	15,148,282

Notes to Table 6.5 are an integral part of this table.

# **Borrowings by Enterprise Crown Corporations**

Table 6.8 summarizes the borrowing transactions of agent and non-agent enterprise Crown corporations. Borrowings of non-agent Crown corporations are not on behalf of Her Majesty.

#### TABLE 6.8

#### BORROWINGS BY ENTERPRISE CROWN CORPORATIONS

(in thousands of dollars)

_	Balance April 1/1991	Borrowings and other credits	Repayments and other charges	Balance March 31/1992
Borrowings by agent enterprise Crown corporations	17,876,551	146,247,781	145,546,050	18,578,282
Borrowings by non-agent enterprise Crown corporations— Atlantic Pilotage Authority Canadian National Railway System Laurentian Pilotage Authority Nordion International Inc. Petro-Canada Theratronics International Limited	195 1,861,273 1,367 506 718,225 1,553	600 151,681	210,441 358 506 718,225 1,553	795 1,802,513 1,009
	2,583,119	152,281	931,083	1,804,317
	20,459,670	146,400,062	146,477,133	20,382,599

Notes to Table 6.5 are an integral part of this table.

# Maturity and Currency of Borrowings by Enterprise Crown Corporations

Table 6.9 summarizes the maturity and currency of borrowings by agent and non-agent enterprise Crown corporations, as at March 31, 1992.

#### TABLE 6.9

# MATURITY AND CURRENCY OF BORROWINGS BY ENTERPRISE CROWN CORPORATIONS

(in thousands of dollars)

Year of maturity	Agent	Non-agent	Total
1993	8,645,696	406,365	9,052,061
1994	5,140,881	153,734	5,294,615
1995	1,462,099	165,801	1,627,900
1996	406,857	50,006	456,863
1997	785,828	213,751	999,579
1998/2002	1.320.434	590,344	1.910.778
2003/2007	475,960	181,563	657,523
2008 and after	340,527	42,753	383,280
Total	18,578,282	1,804,317	20,382,599

Notes to Table 6.5 are an integral part of this table.

<sup>\*\*</sup>Tish,464 , Austl \$4,452 , Italian (Lira) 79,094 , DM 235,483, ECU 325,508 , and \$7,466,241 Cdn.

# **Contingent Liabilities of Enterprise Crown Corporations**

Table 6.10 summarizes the contingent liabilities of enterprise Crown corporations. A contingent liability is defined as a potential liability which may become an actual liability when one or more future events occur or fail to occur.

#### **TABLE 6.10**

### CONTINGENT LIABILITIES OF ENTERPRISE CROWN CORPORATIONS

(in thousands of dollars)

	March 31, 199
Agent enterprise Crown corporations	
Canada Mortgage and Housing Corporation-insulation claims and other litigation Canada Ports Corporation-miscellaneous litigation Canadian Commercial Corporation-contract damages Cape Breton Development Corporation - Construct damages Export Development Corporation-loan guarantees and loans with recourse Federal Business Development Bank-loan guarantees Haliax Port Corporation-miscellaneous litigation Montreal Port Corporation-miscellaneous litigation Petro-Canada Limited-loan guarantee Port of Quebec Corporation-miscellaneous litigation St John's Port Corporation-miscellaneous litigation St John's Port Corporation-miscellaneous litigation St Lawrence Seaway Authority-claims for damages Teleglobe Canada-guaranteed bills of exchange	53,000 2,239 9,276 3,300 51,721 1,425 1,020 3,000 373,738 6,000 364 76,200 13,253
Non-agent enterprise Crown corporations	594,536
Atlantic Pilotage Authority-miscellaneous litigation Laurentian Pilotage Authority	943 1,900
	2,843
Total	597,379

Notes to Table 6.5 are an integral part of this table.

## Financial Assistance Under Budgetary Appropriations to Enterprise Crown Corporations

Table 6.11 summarizes financial assistance under budgetary appropriations for both agent and non-agent enterprise Crown corporations. It should be read in conjunction with Table 6.6. The purpose for which payments have been made under budgetary appropriations is segregated between: (a) amounts to cover operating expenses and (b) amounts for capital expenditures.

All amounts reported represent charges to appropriations or authorities approved by Parliament.

**TABLE 6.11** 

# FINANCIAL ASSISTANCE UNDER BUDGETARY APPROPRIATIONS TO ENTERPRISE CROWN CORPORATIONS

FOR THE YEAR ENDED MARCH 31, 1992

(in thousands of dollars)

	Financial assistance	Pu	rpose
	under budgetary appropriations <sup>(1)</sup>	Operations	Capital expenditures
Agent enterprise Crown corporations			
Canada Ports Corporation	83,574	83,574	
Canada Post Corporation (2)	178,300	178,300	
Canadian Commercial Corporation	14,060	14,060	
anadian Dairy Commission	4,895	4,895	
anadian Wheat Board, The	847,416	847,416	
ape Breton Development Corporation	31,000	31,000	
xport Development Corporation (3)	157,800	157,800	
ederal Business Development Bank	16,121	16,121	
tro-Canada Limited	13,700	13,700	
Lawrence Seaway Authority, The	28,700	28,700	
,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,	1,375,566	1,375,566	
Non-agent enterprise Crown corporations			
tlantic Pilotage Authority	448	448	
anadian National Railway System	2,917	2,917	
reat Lakes Pilotage Limited	850	850	
aurentian Pilotage Authority	5,026	5,026	
	9,241	9,241	
otal	1,384,807	1,384,807	

<sup>(1)</sup> Excludes grants and contributions paid to agent and non-agent enterprise Crown corporations where they qualify as members of a general class of recipients.

<sup>(2)</sup> Includes payment of \$63,000 for costs associated with cultural publication mailings.

<sup>(3)</sup> Payment made pursuant to Section 32 of the Export Development Act concerning the concessional (Canada Account) loans.

# PROVINCIAL AND TERRITORIAL GOVERNMENTS

This group records loans to provinces made under relief acts and other legislation.

Table 6.12 presents a summary of the balances and transactions for the various types of loans and advances that have been made to provincial and territorial governments.

TABLE 6.12
PROVINCIAL AND TERRITORIAL GOVERNMENTS

	April 1/1991	Receipts and other credits	Payments and other charges	March 31/1992
	\$	\$	\$	\$
NEWFOUNDLAND—				
Atlantic Canada Opportunities Agency— Special areas and highways agreement Finance—	21,622,951	3,544,233		18,078,718
Federal-provincial employment loans				
programFederal-provincial fiscal arrange-	3,661,214			3,661,214
ments	35,855,711	35,855,711	11,268,344	11,268,344
Board	4,167,089	240,916		3,926,173
Special development loans program	6,700,000	6,700,000		6,000,044
Winter capital projects fund	6,893,106 57,277,120	12,862 42,809,489	11.268.344	6,880,244 25,735,975
Industry, Science and Technology-	57,277,120	12,007,107	2.1,200,011	20,700,770
Atlantic Development Board carry-over	#0.1 #0.#	***		### ### ### ### ### ### ### ### ### ##
projects	791,585	51,885		739,700
Act	66,205,826	2,721,426		63,484,400
	66,997,411	2,773,311		64,224,100
Total Newfoundland	145,897,482	49,127,033	11,268,344	108,038,793
NOVA SCOTIA				
Atlantic Canada Opportunities Agency—				
Special areas and highways agreement Energy, Mines and Resources—	13,464,923	2,132,430		11,332,493
Regional electrical interconnections	2,361,196	44,902		2,316,294
Finance— Federal-provincial employment loans	5.53.050	251.650		016.010
program Federal-provincial fiscal arrange-	567,378	251,659		315,719
ments Municipal Development and Loan	-18,902,000		44,584,000	25,682,000
Board	850,310	107,278		743,032
Special development loans program	4,300,000	4,300,000 437,683		2,180,678
Winter capital projects fund	2,618,361 10,565,951	5,096,620	44,584,000	28,921,429
Industry, Science and Technology— Atlantic Development Board carry-over			77,507,000	
projects	3,087,053	216,944		2,870,109
Act	31,391,015	2,420,984		28,970,031
	34,478,068	2,637,928		31,840,140
Total Nova Scotia	39,738,236	9,911,880	44,584,000	74,410,356
PRINCE EDWARD ISLAND—				
Atlantic Canada Opportunities Agency—	10.062.102	016 765		0.145.400
Comprehensive development plan agreement Finance— Federal-provincial employment loans	10,062,193	916,765		9,145,428
program	96,238	23,210		73,028
Federal-provincial fiscal arrange-				
ments	2,767,000	2,767,000	4,386,683	4,386,683
Board	558,086	35,370		522,716
Special development loans program	36,575 761,522	82.620		36,575 678,902
wither capital projects fulld	4,219,421	2,908,200	4,386,683	5,697,904
Industry, Science and Technology—		_,_,_,		-,,-
Atlantic Development Board carry-over	17.222	1.650		15.500
projects	17,232	1,650		15,582
Total Prince Edward Island	14,298,846	3,826,615	4,386,683	14,858,914

TABLE 6.12
PROVINCIAL AND TERRITORIAL GOVERNMENTS—Continued

	April 1/1991	Receipts and other credits	Payments and other charges	March 31/1992
	\$	\$	\$	\$
NEW BRUNSWICK— Atlantic Canada Opportunities Agency—				
Special areas and highways agreement Energy, Mines and Resources— Regional electrical interconnec-	26,809,234	3,271,893		23,537,341
tions	4,469,405	83,965		4,385,440
Finance—				
Federal-provincial employment loans program	5,240,817 <sup>(1)</sup>	246,181		4,994,636
Federal-provincial fiscal arrange-				
ments Municipal Development and Loan	28,796,000	28,796,000	23,242,747	23,242,747
Board	2,500,522	152,913		2,347,609
Special development loans program	5,375,000	5,375,000		0.020.20
Winter capital projects fund	8,946,672 50,859,011	117,388 <i>34,687,482</i>	23,242,747	8,829,284 39,414,276
Industry, Science and Technology—	50,059,011	54,007,402	23,272,777	39,717,270
Atlantic Development Board carry-over				
projects	627,848	51,337		576,511
Act	31,619,455	2,304,867		29,314,588
	32,247,303	2,356,204		29,891,099
Total New Brunswick	114,384,953	40,399,544	23,242,747	97,228,156
QUEBEC-				
Finance— Federal-provincial employment loans				
program	61,300,779			61,300,779
Federal-provincial fiscal arrangements	62,008,000	62,008,000		
Municipal Development and Loan Board	34,916,109	2,457,646		32,458,463
Special development loans program	58,300,000	58,300,000		52,750,705
Winter capital projects fund	91,314,928			91,314,928
National Health and Welfare—	307,839,816	122,765,646		185,074,170
Federal Office of Regional Development-Quebec—				
Special areas and highways agreement	86,572,245	3,215,113		83,357,132
Total Quebec	394,412,061	125,980,759		268,431,302
ONTARIO—				
Finance— Federal-provincial employment loans				
program	4,735,100	1,066,793		3,668,307
Municipal Development and Loan		4.00.5.00.5		5.000.000
Board	6,555,321 482,999	1,225,995 233,887		5,329,326 249,112
Winter capital projects fund	19,130,729	2,970,647		16,160,082
Total Ontario	30,904,149	5,497,322		25,406,827
IANITOBA—				
Agriculture—				
Agricultural service centres	4,406,454	542,071		3,864,383
Energy, Mines and Resources— Regional electrical interconnec-				
tions	117,947,587	2,429,434	9,897,000	125,415,153
Federal-provincial employment loans	(1)			
program	1,288,928(1)	622,730		666,198
Federal-provincial fiscal arran-	27,686,000	27,686,000	69,419,843	69,419,843
gements	27,000,000	27,000,000	07,717,043	
Board	1,371,317	428,513		942,804
Special development loans program	1,273,131	616,498		656,633 1,475,365
Winter capital projects fund	1,659,789 33,279,165	184,424 29,538,165	69,419,843	73,160,843
Western Economic Diversification—				
Special areas and highways agreement	1,768,367	274,696		1,493,671
Total Manitoba	157,401,573	32,784,366	79,316,843	203,934,050

TABLE 6.12
PROVINCIAL AND TERRITORIAL GOVERNMENTS—Concluded

	April 1/1991	Receipts and other credits	Payments and other charges	March 31/1992
	\$	\$	\$	\$
SASKATCHEWAN—				
Agriculture—	4.226.060	421 106		2 005 702
Agricultural service centres	4,236,969	431,186		3,805,783
Federal-provincial employment loans				
program	323,348	101,002		222,346
Federal-provincial fiscal arran-	1 629 000	1 629 000		
gements	1,638,000	1,638,000		
Board	274.380	104.826		169,554
	2,235,728	1,843,828		391,900
Total Saskatchewan	6,472,697	2,275,014		4,197,683
ALBERTA—				
Finance—				
Federal-provincial employment loans				
program	1,055,476	477,962		577,514
Municipal Development and Loan	1.640,791	382.485		1,258,306
Board	4,000,000	4,000,000		1,238,300
Winter capital projects fund	2,016,978	487,629		1,529,349
	8,713,245	5,348,076		3,365,169
Western Economic Diversification—	4 4 4 4 4 4 4 4 4 4 4 4 4 4 4 4 4 4 4 4			
Special areas and highways agreement	1,567,581	254,390		1,313,191
Total Alberta	10,280,826	5,602,466		4,678,360
BRITISH COLUMBIA—				
Finance—				
Federal-provincial employment loans				
program	4,108,827	1,288,710		2,820,117
Municipal Development and Loan  Board	2,105,048	347,194		1,757,854
Special development loans program	4,409,367	2,135,895		2,273,472
Winter capital projects fund	8,170,662	1,241,284		6,929,378
Total British Columbia	18,793,904	5,013,083		13,780,821
NORTHWEST TERRITORIES—				
Finance—				
Federal-provincial employment loans				
program	7,708	2,449		5,259
Winter capital projects fund	157,752	21,815		135,937
Indian Affairs and Northern Development—	165,460	24,264		141,196
Government of the Northwest Territories	150,801	46,181		104,620
Total Northwest Territories	316,261	70,445		245,816
YUKON TERRITORY—				
Indian Affairs and Northern Development—				
Government of the Yukon Territory	4,190,390	727,111		3,463,279
Yukon Territory small business loans	92,549	3,187		89,362
Total Yukon Territory	4,282,939	730,298		3,552,641
-	937,183,927	281,218,825	162,798,617	

<sup>(1)</sup> Amends reporting in previous year's Public Accounts.

# Special areas and highways agreement—Atlantic Canada Opportunities Agency

Loans have been made to finance the development of community and industrial infrastructure projects for special areas, and for highway development.

The loans bear interest at rates from 7% to 10.164% per annum, and are repayable in equal annual instalments, with final instalments between April 1, 1992 and April 1, 2005.

### Federal-provincial employment loans program

Loans have been made, to provinces, provincial agencies and municipalities, to assist in the creation of employment.

The loans bear interest at rates from 6.51% to 7.4% per annum, and are repayable either in annual instalments over 10 to 20 years, or at maturity, with final repayments between October 30, 1992 and November 30, 1994.

# Federal-provincial fiscal arrangements

These amounts represent overpayments in respect of provincial equalization entitlements under the Constitution Acts 1867 to 1982, the Federal-Provincial Fiscal Arrangements and Federal Post-Secondary Education and Health Contributions Act, and other statutory authority. These overpayments are non-interest bearing and are recovered in the subsequent year.

### Municipal Development and Loan Board

Loans have been made, to provinces and municipalities, to augment or accelerate municipal capital works programs.

The loans bear interest at rates from 5.25% to 5.625% per annum, and are repayable in annual or semi-annual instalments over 15 to 50 years, with final instalments between April 15, 1992 and March 31, 2016.

#### Special development loans program

Loans have been made, to provinces, provincial agencies and municipalities, to assist in the creation of employment.

The loans bear interest at rates from 6.1% to 6.9% per annum, and are repayable either in annual or semi-annual instalments over 10 to 20 years, or at maturity, with final repayments between April 1, 1992 and March 30, 1993.

# Winter capital projects fund

Loans have been made, to provinces, provincial agencies and municipalities, to assist in the creation of employment.

The loans bear interest at rates from 7.2% to 9.77% per annum, and are repayable either in annual instalments over 5 to 20 years, or at maturity, with final repayments between July 5, 1992 and February 28, 1999.

# Atlantic Development Board carry-over projects

Loans have been made to finance certain water projects that were carried over from the Atlantic Development Board.

The loans bear interest at rates from 7.5% to 8.5% per annum, and are repayable over 7 to 14 years at various anniversary amortization dates, with final instalments between July 31, 1999 and April 1, 2006.

# **Atlantic Provinces Power Development Act**

Loans have been made to the Atlantic provinces, to assist in the generation of electrical energy by steam driven generators in the provinces, and in the control and transmission of electric energy.

The loans bear interest at rates from 4.5% to 8.5% per annum, and are repayable in equal annual instalments over 1 to 22 years, with final instalments between March 31, 1993 and March 31, 2014.

# Regional electrical interconnections

Loans have been made to assist in financing regional electrical interconnections, under agreements between the Government of Canada and the Provinces of Manitoba, New Brunswick and Nova Scotia.

During the year, additional loans were authorized by Energy, Mines and Resources Vote L20, Appropriation Acts No. 1 and No. 2, 1991-92.

The loans bear interest at rates from 9% to 10% per annum, and are repayable in annual instalments over 29 to 31 years, with final instalments between March 31, 2008 and March 31, 2011.

# Comprehensive development plan agreement

Loans have been made to the Province of Prince Edward Island, to assist in financing the realization of a comprehensive and co-ordinated development plan of the province, pursuant to an agreement with the province, whose territory has been designated a "special rural development area".

The loans bear interest at rates from 6.688% to 9.375% per annum, and are repayable in equal instalments due at various anniversary dates, with final instalments by March 31, 2005.

# Special areas and highways agreement—Federal Office of Regional Development-Quebec

Loans have been made to finance the development of community and industrial infrastructure projects for special areas, and for highway development.

The loans bear interest at rates from 5.768% to 10.164% per annum, and are repayable in equal annual instalments, with final instalments between April 1, 1992 and March 31, 2009.

#### Agricultural service centres

Loans have been made to provincial and municipal authorities, to assist in the construction or expansion of water supply and waste disposal facilities in key agriculture service centres, which are essential to rural adjustment and urban development in the agricultural portion of the Prairie region.

The loans bear interest at rates from 7.538% to 14.129% per annum, and are repayable in equal annual instalments over 20 years, with final instalments between March 31, 1993 and March 31, 2004.

# Special areas and highways agreement—Western Economic Diversification

Loans have been made to finance the development of community and industrial infrastructure projects for special areas, and for highway development.

The loans bear interest at rates from 7.1689% to 9.9448% per annum, and are repayable in equal annual instalments, with final instalments between April 1, 1992 and April 1, 1999.

#### Government of the Northwest Territories

Loans have been made to the Government of the Northwest Territories, for the following purposes:

	April 1/1991	Receipts and other credits	Payments and other charges	March 31/1992
	\$	\$	\$	\$
Second mortgage Low cost housing	79,520 71,281	14,232 31,949		65,288 39,332
	150,801	46,181		104,620

The loans bear interest at rates from 5.375% to 8.875% per annum, and are repayable in equal annual instalments over 20 to 25 years, with final instalments between April 1, 1992 and August 27, 1996.

#### Government of the Yukon Territory

Loans have been made to the Government of the Yukon Territory, for the following purposes:

	April 1/1991	Receipts and other credits	Payments and other charges	March 31/1992
	\$	\$	\$	\$
Second mortgage	42,801	15,622		27,179
Low cost housing	186,060	53,451		132,609
Capital expenditures Outside parties—	606,399	51,192		555,207
Capital projects	3,355,130	606,846	\	2,748,284
	4,190,390	727,111		3,463,279

The loans bear interest at rates from 5.375% to 12.5% per annum, and are repayable in equal annual instalments over 10 to 35 years, with final instalments between April 1, 1992 and November 24, 2003.

### Yukon Territory small business loans

Loans have been made for the establishment or expansion of small businesses in the Yukon Territory.

The total amount authorized to be outstanding at any time is \$5.000.000.

The loans bear interest at rates from 9% to 12% per annum, and were repayable in annual instalments over 10 years, with the final instalment on April 1, 1988. As of March 31, 1992, the loans have not been reimbursed in full.

#### 6.30 LOANS, INVESTMENTS AND ADVANCES

# NATIONAL GOVERNMENTS INCLUDING DEVELOPING COUNTRIES

Loans to national governments consist mainly of the loan to the government of the United Kingdom under the United Kingdom Financial Agreement Act, 1946, international development assistance to developing countries, and loans for development of export trade (administered by the Export Development Corporation).

Table 6.13 presents a summary of the balances and transactions for the loans and advances that were made to national governments including developing countries.

TABLE 6.13

NATIONAL GOVERNMENTS INCLUDING DEVELOPING COUNTRIES

	April 1/1991	Receipts and other credits	Payments and other charges	March 31/1992
	\$	\$	\$	\$
External Affairs—				
Development of export trade (loans administered by the				
Export Development Corporation)  Developing countries—Canadian International  Development Agency—International development	658,370,207	215,723,989	359,361,278	802,007,496
assistance	2,309,010,703	53,933,123		2,255,077,580
Finance—				
China	49,426,118			49,426,118
Jamaica United Kingdom—	25,000,000			25,000,000
The United Kingdom Financial Agreement Act, 1946	338,752,813	30,935,199		307,817,614
Deferred principal	94,990,863			94,990,863
1 1	433,743,676	30,935,199		402,808,477
National Defence—				
North Atlantic Treaty Organization—Damage claims				
recoverable	235,677	25,039	37,052	247,690
Total	3,475,786,381	300,617,350	359,398,330	3,534,567,361

# Development of export trade

Pursuant to Section 31 of the Export Development Act, the Governor in Council may authorize the Corporation to make loans to foreign customers where the liability is for a term, or in an amount in excess of that normally assumed by the Corporation. Such loans are financed directly by payments out of the Consolidated Revenue Fund and are administered by the Corporation on behalf of the Government of Canada.

Since April 1, 1987, certain loans for the development of export trade are made under budgetary authority.

The following table presents the balances and transactions for the loans made to national governments, together with their terms and conditions of repayments. The closing balance of loans to national governments includes, where applicable, total payments made under both budgetary and non-budgetary authorities. The total budgetary payments are deducted as a lump sum amount under the caption "Payments made under budgetary authority" at the end of the table to arrive at the amount reported in Table 6.13.

	April 1/1991	Receipts and other credits	Payments and other charges	March 31/1992
	\$	\$	\$	\$
a) 1 to 5 year term, 4.5% (libor) to 11% interest per				
annum, with final repayments due between July 1986 and August 1996:				
Egypt	13.238.207	5,294,130	15.173.929	23,118,00
Ethiopia	7,402,614	4,377,275	89,771	3,115,110
Ghana	3,151,781	1,618,279	20,174	1,553,67
Madagascar	6,793,883		3,445,769	10,239,65
Peru	1,036,324			1,036,32
Sudan	7,525,050		204,750	7,729,80
Turkey	23,559,379	10,510,263	257,660	13,306,77
USSR	62,707,238	21,799,947	87,904,082 107,096,135	87,904,08 148,003,42
b) 6 to 10 year term, 4.25% (libor) to 10.5% interest per	02,707,200	w1,//////	107,030,130	1,0,000,12
annum, with final repayments between November 1997 and July 2002:				
Argentina	129,450,000	11,746,030	10,711,496	128,415,46
Brazil	13,187,605		442,288	13,629,89
Cameroun	2 020 269	200 760	6,508,700	6,508,70
Chile	2,920,368 14,947,131	388,760 2,380,407	68,244 443,127	2,599,85 13,009,85
Ecuador	14,891,618	1,737,899	2,669,395	15,823,11
Jamaica	77,340,882	5,036,094	13,783,889	86,088,67
Korea	106,753,045	16,666,666	10,700,000	90,086,37
Rwanda	834,403		3,893,700	4,728,10
Tanzania	32,231,867		877,001	33,108,86
	392,556,919	37,955,856	39,397,840	393,998,90
2) 11 to 15 year term, 4.1% (libor) to 4.5% (libor) interest per annum, with final repayments between July 1996 and March 2005:				
Madagascar	11,917,527		324,266	12,241,79
Zambia	8,681,277 20,598,804		536,150 860,416	9,217,42 21,459,22
d) 16 to 20 year term, 0.% to 4.5% (libor) interest				
per annum, with final repayments between March 2008 and March 2011:				
Mexico	32,482,505		1,337,279	33,819,78
Poland	66,982,120 36,082,166	9,798,742	1,786,661 2,797,129	68,768,78 29,080,55
Thailand	135,546,791	9,798,742	5,921,069	131,669,11
e) 21 to 25 year term, .5% to 3.5% interest per annum, with final repayments between June 2014 and				
January 2017:	12 246 400		224 196	12 680 68
Algeria	12,346,499 3,318,431		334,186 90,292	12,680,68 3,408,72
Indonesia	9,964,625		14.677.057	24.641.68
	25,629,555		15,101,535	40,731,09
31 to 55 year term, 0% interest per annum,				
with final repayment in February 2044:	17 222 222		1 526 017	10 004 10
Cameroun	17,277,277 105,097,228		1,526,917 96,393,169	18,804,19 201,490,39
China Egypt	11,813,351		1,250,980	13.064.33
Gabon	11,615,551		13,218,910	13,218,91
India	38,644,637		7,839,654	46,484,29
Kenya	173,291		6,396,195	6,569,48
Morocco	172,055,910		62,719,246	234,775,15
Pakistan	5,925,033		1,639,212	7,564,24
	350,986,727		190,984,283	541,971,01
	988,026,034	69,554,545	359,361,278	1,277,832,76
Less: payments made under budgetary authority	329,655,827	146,169,444		475,825,27
	658,370,207	215,723,989	359,361,278 (1)	802,007,49

<sup>(1)</sup> This amount includes a valuation adjustment of \$17,421,169.

# **Developing countries—International development** assistance

Loan assistance has been made to developing countries for international development assistance. These loans were authorized by miscellaneous non-budgetary authorities. Loans under negotiated loan agreements in existence at March 31, 1986 were made under various budgetary authorities.

The following table presents the balances and transactions for the loans made to developing countries, together with their terms and conditions of repayments. The closing balance of loans to individual countries includes, where applicable, total payments made under both budgetary and non-budgetary authorities. The total budgetary payments to all countries are deducted as a lump sum amount under the caption "Payments made under budgetary authority" at the end of the table to arrive at the amount reported in Table 6.13 as international development assistance to developing countries.

	April 1/1991	Receipts and other credits	Payments and other charges	March 31/1992
	\$	\$	\$	\$
(a) 20 year term, 5 year grace period, 5% interest per annum, with final repayments between September 2000 and March 2001:				
Jamaica Turkey	4,499,073 18,915,342 23,414,415	3,102,239 3,102,239		4,499,07 15,813,10 20,312,17
b) 30 year term, 7 year grace period, 3% interest per annum, with final repayments between September 1996 and January 2012:				
Barbados	15,540,524			15,540,52
Brazil	10,342,441	552,114		9,790,32
Chile	1,371,527	182,869		1,188,65
Colombia	14.594.975	934,773		13,660,20
	9,547,012	934,773		9,547,01
Cuba	2,200,001			2,200,00
Dominican Republic				
Egypt	47,826,088			47,826,08
Jamaica	32,665,520	12.445		32,665,52
Korea	282,394	43,445		238,94
Malaysia	8,077,992	714,427		7,363,56
Peru	337,617			337,6
Salvador, El	7,650,001			7,650,00
Trinidad	4,548,730			4,548,7
Turkey	5,985,870	642,391		5,343,4
	160,970,692	3,070,019		157,900,67
2) 35 year term, 5 year grace period, non-interest bearing, with final repayments between April 2001 and November 2005: Salvador, El	2,101,056	171,929		1,929,12
<ol> <li>40 year term, 10 year grace period, non-interest bearing, with the final repayment in March 2007:</li> </ol>				
Thailand	544,987	49,990		494,99
e) 50 year term, 10 year grace period, non-interest bearing, with final repayments between March 2015 and September 2035:				
Algeria	14,087,433	401,295		13,686,13
Antigua	5,100,001			5,100,00
Argentina	494,667	18,667		476,00
Barbados	7,917,779			7,917,77
Belize	10,629,081			10,629,08
Bolivia	1,314,247	42,395		1,271,85
Brazil	596,078	20,940		575,13
Burma	8,306,202			8,306,20
Chile	2,666,296	98,062		2,568,23
Colombia	16,960,158	564,621		16,395,53
Costa Rica	23,118,847	,		23,118,84
Dominica	1,637,913			1,637,91
Dominican Republic	7,887,608	262,644		7,624,96
Ecuador	9,378,802	304,894		9,073,90
Egypt	57,599,945	501,071		57,599,94
Grenada	743,750			743,75
Guatemala	3,787,623			3,787,62
Guyana	37,205,028			37,205,02
Honduras	33,015,261			33,015,26
	659,935,367	16,690,222		643.245.14
India	263,781,109	5,524,663		258,256,44
	40.5. / 81.109	2.224.003		230,230,44

	April 1/1991	Receipts and other credits	Payments and other charges	March 31/1992
	\$	\$	\$	\$
Jamaica	56,213,535			56,213,535
Malaysia	2,393,563	9,907		2,383,656
Malta	837,490	37,489		800,001
Mexico	73,441	2,771		70,670
Montserrat	623,457			623,457
Morocco	14,691,199			14,691,199
Nicaragua	18,357,040			18,357,040
Pakistan	558,724,292	14,517,658		544,206,634
Paraguay	519,900	19,996		499,904
Peru	22,529,872	11,186		22,518,686
Philippines	3,837,789			3,837,789
Salvador, El	1,125,000			1.125,000
St Lucia	452,649			452,649
St Vincent	982,000			982,000
Sri Lanka	156.631.472	3,900,399		152,731,073
Thailand	32,265,048	770.886		31,494,162
	3,090,302	770,000		3,090,302
Trinidad	110,798,412	3,095,161		107,703,251
Tunisia				
	2,150,309,656	46,293,856		2,104,015,800
) 53 year term, 13 year grace period, non-interest bearing, with the final repayment in September 2025:				
Algeria	40,465,468	1,245,090		39,220,378
g) 55 year term, 15 year grace period, non-interest bearing, with the final repayment in September 2036:				
Egypt	9,243,531			9,243,531
ess: payments made under budgetary authority	2,387,049,805 78,039,102	53,933,123		2,333,116,682 78,039,102
css. payments made under oudgetary authority	70,039,102			70,039,102
	2,309,010,703	53,933,123		2,255,077,580

Note: Grace period refers to interval from date of issuance of the loan to first repayment of loan principal.

Similar assistance has been provided to developing countries by way of subscriptions to the capital of the International Development Association and loans to other international financial institutions. These are reported later in this section under the heading "International organizations".

#### China

A loan to China was authorized under the Export Credits Insurance Act.

#### Jamaica

A loan has been made to the Government of Jamaica, to provide economic assistance.

The loan agreement has been amended by the following Rescheduling Agreements:

- (a) the Rescheduling Agreement dated October 18, 1985, provided for the deferment of the principal repayment in the amount of \$5,000,000 due on August 9, 1985;
- (b) the Rescheduling Agreement dated June 4, 1987, provided for the deferment of principal repayments totalling \$10,000,000 due on August 9, 1986 and August 9, 1987; and,
- (c) the Rescheduling Agreement dated July 25, 1989, provided for the deferment of principal repayments totalling \$10,000,000 due on August 9, 1988 and August 9, 1989.

# **United Kingdom**

The United Kingdom Financial Agreement Act, 1946

Under authority of the United Kingdom Financial Agreement Act, 1946, a credit of \$1,250,000,000 was extended by the Government of Canada to the government of the United Kingdom to facilitate purchases by the United Kingdom of goods and services in Canada and to assist the government of the United Kingdom in meeting transitional post-war deficits in its current balance of payments, in maintaining adequate reserves of gold and dollars, and in assuming the obligations of multilateral trade. The amount of the credit drawn by December 31, 1951 was to be repaid in 50 annual instalments beginning on that date, with interest at the rate of 2% per annum, with the final instalment on December 31, 2000.

#### Deferred principal

The agreement, as amended in 1957, provides for the deferment of interest in respect of the year 1956 and of seven instalments of principal and interest after December 31, 1956, under certain conditions. Interest for 1956, and interest and principal for 1957, 1964, 1965, 1968 and 1976 were deferred. The maturity of the deferrals is to commence December 31, 2001, and continue until December 31, 2006.

# North Atlantic Treaty Organization—Damage claims recoverable

Article VIII of the NATO Status of Forces Agreement signed April 4, 1949, as amended, deals with claims for damages to third parties arising from accidents in which a member of a visiting force is involved. This account is charged with the amount recoverable from other states, for claims for damages which took place in Canada, and is credited with recoveries.

The advances are non-interest bearing and have no specific repayment terms.

#### INTERNATIONAL ORGANIZATIONS

This group records Canada's subscriptions to the capital of organizations such as banks, associations, etc. It also includes loans and advances to other international organizations.

Capital subscriptions are made in part by the issuance of non-interest bearing, non-negotiable demand notes. The amounts advanced or loaned vary according to the needs of the organizations concerned, and the terms of the agreements.

The net position of the Government vis-à-vis the international organizations has been obtained by deducting from subscriptions, loans and advances, the non-interest bearing notes issued by Canada to these organizations. These notes, payable on demand, represent that portion of the investment by Canada in these organizations which has not yet been encashed by them. These notes are encashed subject to the financial requirements of these organizations.

Since April 1, 1986, note encashments, and cash subscriptions/loans to international financial institutions are now made under budgetary authority. However, subscriptions/loans made by the issuance of non-interest bearing notes continue to be under non-budgetary authority.

Table 6.14 presents a summary of the balances and transactions for the subscriptions, loans and advances to international organizations. The closing balance of loans/subscriptions to international financial institutions includes, where applicable, total loans/subscriptions made under both budgetary and nonbudgetary authorities. The total budgetary payments to all international financial institutions are deducted as a lump sum amount under the caption "Payments made under budgetary authority" at the end of the table to arrive at the total amount reported in Table 6.1 as International organizations (net). In addition, Table 6.15 presents additional disclosure of information related to subscriptions to the capital of international development institutions, as well as future commitments and contingent liabilities related to international development assistance as disclosed in Note 9 to the audited financial statements of the Government of Canada in Section 2 of this volume.

TABLE 6.14
INTERNATIONAL ORGANIZATIONS

	April 1/1991	Receipts and other credits	Payments and other charges	March 31/1992
	\$	\$	\$	\$
Canada's subscriptions to the capital of the—				
African Development Bank Less: notes payable	82,013,174 193,040	6,018,191	6,663,684 6,037,951	88,676,858 173,280
An'm Davidson Andrews Pouls	81,820,134 158,851,584	6,018,191	12,701,635 5,192,933	88,503,578 164,044,517
Asian Development Bank Less; notes payable	7.540.752		3,192,933	3,770,376
, ,	151,310,832		8,963,309	160,274,141
Caribbean Development Bank	13,225,757		1,324,329	14,550,086
Less: notes payable	959,901 12,265,856	488,140 488.140	1.324.329	1,448,041 13.102.045
European Bank for Reconstruction and Development	12,203,030	400,140	28.311.289	28,311,289
Less: notes payable		13,609,274	13,609,274	
		13,609,274	41,920,563	28,311,289
Global Environment Facility		3,333,334	3,333,334 1,000,000	3,333,334 2,333,334
Less: notes payable		3,333,334	4.333.334	1.000.000
Inter-American Development Bank	150,484,947	0,000,001	12,702,063	163,187,010
Less: notes payable	18,139,068	8,223,883	4,352,273	22,010,678
In a In 16 h and a Inches	132,345,879	8,223,883	17,054,336	141,176,332
International Bank for Reconstruction and Development	330,153,780		21.648.221	351,802,001
(World Bank)	3,531,338,061		316,210,000	3,847,548,061
Less: notes payable	884,792,700	316,210,000	197,110,000	1,003,892,700
The state of the s	2,646,545,361	316,210,000	513,320,000 1,448,244	2,843,655,361 54,674,659
International Finance Corporation  Multilateral Investment Guarantee Agency	53,226,415 7,428,104		202.112	7,630,216
Less: notes payable	3,714,052	101,056	202,112	3,815,108
	3.714.052	101,056	202,112	3,815,108
	3,411,382,309	347,983,878	622,916,083	3,686,314,514

**TABLE 6.14** 

## INTERNATIONAL ORGANIZATIONS—Concluded

S		April 1/1991	Receipts and other credits	Payments and other charges	March 31/1992
Less: notes payable		\$	\$	\$	\$
International Monetary Fund—Enhanced Structural Adjustment Facility	Less: notes payable	1,161,569,249 1,222,025,235 2,907,871	217,497,038	163,682,880 390,711,194 290,880	1,215,383,407 1,394,850,401 3,198,751
Enhanced Structural Adjustment Facility	International Tin Council	4,497,449		110,227	4,607,676
Berne Union of the World Intellectual Property Organization		58,773,445	6,960,600	25,948,572	77,761,417
Food and Agriculture Organization   S84,605   927   190,743   1,044,421     General Agreement on Tariffs and Trade   14,506     Intergovernmental Maritime Consultative   1,617   40   1,657     International Atomic Energy Agency   208,977   6,851   215,828     International Civil Aviation Organization   78,088   8   78,080     International Labour Organization   68,666   6   1,692   70,358     Paris Union of the World Intellectual Property   58,927   12,394   71,321     United Nations Educational, Scientific and Cultural Organization   683,459   131,816   815,275     United Nations Industrial Development   373,574   37,506   336,068     United Nations organization   3,582,214   48,820   23,060   3,556,454     World Health Organization   61,099,77   88,711   371,033   6,392,299     Total   4,705,696,286   572,919,217   1,040,347,989   5,173,125,058     Less: payments made under budgetary authority   1,884,447,145   362,169,643   2,246,616,788     Less: payments made under budgetary authority   1,884,447,145   362,169,643   2,246,616,788     Less: payments made under budgetary authority   1,884,447,145   362,169,643   2,246,616,788     Less: payments made under budgetary   1,884,447,145   362,169,643   2,246,616,788     Less: payments made under budgetary   1,884,447,145   362,169,643   2,246,616,788     Less: payments made under budgetary   1,884,447,145   362,169,643   5,785,235   5,793,35,194     Less: payments made under budgetary   1,884,447,145   362,169,643   5,785,235   5,793,35,194     Less: payments made under budgetary   1,884,447,145   362,169,643   5,793,35,194     Less: payments made under budgetary   1,884,471,45   362,169,643   5,793,35,194     Less: payments made under budgetary   1,884,471,45   362,169,643   5,793,35,194     Less: payments made	Berne Union of the World Intellectual Property Organization				
International Atomic Energy Agency	Food and Agriculture Organization General Agreement on Tariffs and Trade Intergovernmental Maritime Consultative	854,605 14,508		358	1,044,421 14,866
Organization Organizations Educational, Scientific and Cultural Organization         58,927         12,394         71,321           United Nations Educational, Scientific and Cultural Organization         683,459         131,816         815,275           United Nations Industrial Development Organization         373,574         37,506         336,068           United Nations organizations         3,582,214         48,820         23,060         3,556,454           World Health Organization         6,109,977         88,711         371,033         6,392,299           Total         4,705,696,286         572,919,217         1,040,347,989         5,173,125,058           Less: payments made under budgetary authority         1,884,447,145         362,169,643         2,246,616,788           Summary—International organizations         6,782,605,048         7,438,301         650,785,235         7,425,951,982           Less: payments made under budgetary authority         1,884,447,145         362,169,643         2,246,616,788           Less: payments made under budgetary authority         1,884,447,145         362,169,643         2,246,616,788           Less: payments made under budgetary authority         2,881,57,903         369,607,944         650,785,235         5,179,335,194           Less: notes payable         2,076,908,762         565,480,916 <t< td=""><td>International Atomic Energy Agency International Civil Aviation Organization International Labour Organization</td><td>208,977 78,088</td><td>8</td><td>6,851</td><td>215,828 78,080</td></t<>	International Atomic Energy Agency International Civil Aviation Organization International Labour Organization	208,977 78,088	8	6,851	215,828 78,080
United Nations Industrial Development Organization         373,574         37,506         336,068           United Nations organizations         3,582,214         48,820         23,060         3,556,454           World Health Organization         163,357         88,711         371,033         6,392,299           Total         4,705,696,286         572,919,217         1,040,347,989         5,173,125,058           Less: payments made under budgetary authority         1,884,447,145         362,169,643         2,246,616,788           Summary—International organizations         6,782,605,048         7,438,301         650,785,235         7,425,951,982           Less: payments made under budgetary authority         1,884,447,145         362,169,643         2,246,616,788           Less: payments made under budgetary authority         1,884,447,145         362,169,643         5,745,951,982           Less: payments made under budgetary authority         1,884,447,145         362,169,643         2,246,616,788           Less: payments made under budgetary authority         4,898,157,903         369,607,944         650,785,235         5,179,335,194           Less: notes payable         2,076,908,762         565,480,916         389,562,754         2,252,826,924	Organization	58,927		12,394	71,321
Organization Organizations         373,574 (19,100)         373,504 (20,100)         373,606 (20,100)         336,068 (20,100)         336,068 (20,100)         336,068 (20,100)         336,068 (20,100)         336,068 (20,100)         336,068 (20,100)         336,068 (20,100)         336,068 (20,100)         336,068 (20,100)         336,068 (20,100)         34,079 (20,100)         336,068 (20,100)         336,068 (20,100)         4,079 (20,100)         167,436 (20,100)         336,068 (20,100)         4,079 (20,100)         167,436 (20,100)         6,072,092,092         5,173,125,058 (20,100)         2,246,616,788 (20,100) <th< td=""><td></td><td>683,459</td><td></td><td>131,816</td><td>815,275</td></th<>		683,459		131,816	815,275
Less: payments made under budgetary authority         1,884,447,145         362,169,643         2,246,616,788           2,821,249,141         935,088,860         1,040,347,989         2,926,508,270           Summary— International organizations Less: payments made under budgetary authority         6,782,605,048         7,438,301         650,785,235         7,425,951,982           Less: payments made under budgetary authority         1,884,447,145         362,169,643         2,246,616,788           Less: notes payable         4,898,157,903         369,607,944         650,785,235         5,179,331,94           Less: notes payable         2,076,908,762         565,480,916         389,562,754         2,252,826,924	Organization United Nations organizations	3,582,214 163,357	48,820	4,079	3,556,454 167,436
authority         1,884,447,145         362,169,643         2,246,616,788           2,821,249,141         935,088,860         1,040,347,989         2,926,508,270           Summary—	Total	4,705,696,286	572,919,217	1,040,347,989	5,173,125,058
Summary— International organizations         6,782,605,048         7,438,301         650,785,235         7,425,951,982           Less: payments made under budgetary authority         1,884,447,145         362,169,643         2,246,616,788           4,898,157,903         369,607,944         650,785,235         5,179,335,194           Less: notes payable         2,076,908,762         565,480,916         389,562,754         2,252,826,924		1,884,447,145	362,169,643		2,246,616,788
International organizations         6,782,605,048         7,438,301         650,785,235         7,425,951,982           Less: payments made under budgetary authority         1,884,447,145         362,169,643         2,246,616,788           4,898,157,903         369,607,944         650,785,235         5,179,335,194           Less: notes payable         2,076,908,762         565,480,916         389,562,754         2,252,826,924		2,821,249,141	935,088,860	1,040,347,989	2,926,508,270
Less: payments made under budgetary authority         1,884,447,145         362,169,643         2,246,616,788           4,898,157,903         369,607,944         650,785,235         5,179,335,194           Less: notes payable         2,076,908,762         565,480,916         389,562,754         2,252,826,924		( 702 (05 040	7 420 201	(50.705.225	7.405.051.000
4.898.157.903     369.607.944     650.785.235     5,179.335.194       Less: notes payable     2,076,908,762     565,480,916     389,562,754     2,252,826,924	Less: payments made under budgetary		., ,	650,/85,235	.,,
Less: notes payable	audionty				
Total	Less: notes payable				
	Total	2,821,249,141	935,088,860	1,040,347,989	2,926,508,270

<sup>(1)</sup> The subscriptions to the Association and the loans to the international financial institutions are used to lend funds to developing countries at rates favourable to the borrowers. In addition, as described earlier in this section, under the heading 'National governments including developing countries", international development assistance has also been provided to developing countries.

#### **TABLE 6.15**

# INTERNATIONAL DEVELOPMENT ASSISTANCE— SUBSCRIPTIONS, CONTINGENT LIABILITIES AND COMMITMENTS

	Share subscriptions			Paid-in shares purchased C		Contingent Liabilities				
				Cos	st					available for
	Paid-in	Callable	Number of shares	Foreign currencies	Canadian currency <sup>(1)</sup>	value of callable shares <sup>(2)</sup>	Other contingent		Number of shares	Estimated value
				millions	\$millions	\$millions	\$millions	\$millions		\$millions
African Development Bank	4,200 2,100	12,600 31,500	4,200 2,100	\$25US	59 <sup>(3)</sup> 30	176 <sup>(4)</sup> 452			12,600 31,500	181 <sup>(5)</sup> 477 <sup>(5)</sup>
Asian Development Bank	8,740 2,370	36,403 45,030	8,740 2,370	\$105US 24SDR	125 39	522 597			36,403	522 <sup>(5)</sup>
Caribbean Development Bank	1,585 693	5,355 2,769	1,585 276	\$10US \$2US	11 2	38 8	12	3	5,355 2,769	38 <sup>(5)</sup> 23 <sup>(5)</sup>
Inter-American Development Bank	9,982 2,400	115,220 93,556	9,982 1,200	\$123US \$14US	146 17	1,653 671	671	17	63,692 94,756	914 <sup>(5)</sup> 1,359 <sup>(5)</sup>
African Development Fund								218 266		
Inter-American Development Fund								7 35		
Undisbursed loans to national governments including developing countries								718		
International Bank for Reconstruction and Development (World Bank)	(6) (10)	(6) (10)	(6) (10)		352 3,848 <sup>(11)</sup>	5,405 <sup>(7)</sup>	642(8)	276		2,846(9)
International Finance Corporation International Monetary Fund—Loans	45,976		45,976	\$46US	55		1,456 <sup>(12)</sup>	661(12)		473 <sup>(9)</sup>
Multilateral Investment Guarantee Agency European Bank for Reconstruction and	(13)	(13)	(13)	\$6US	8	31 (14)	.,.50			4(9)
Development	(15)	(15)	(15)		28 3 <sup>(16)</sup>	330		113 7		

(1) Foreign currencies were translated into Canadian dollars using the closing rates of exchange at March 31, 1992 (\$1US = \$1.1892 Cdn; 1SDR = \$1.63127 Cdn).
(2) Commitments to the institutions will require future "Maintenance of value" payments.

According to the Articles of Agreement of the World Bank, countries are obliged to maintain the value of certain portions of their paid-in capital subscriptions and contributions. The World Bank has not had a workable standard of value since 1978 when the formal link between the US dollar and gold was broken. The World Bank agreed not to seek payment of these obligations pending the establishment of a new standard of value for the Bank. Maintenance of value obligations do not exist for International Development Association contributions. In October 1986, the Executive Board agreed upon the "1974 SDR" as a successor standard of value. The 1974 SLR is a fixed US dollar equivalent of the value of the SDR prevailing in 1974 (SLR0635 E) = 1 SDR). Maintenance of value payments resumed July 1, 1987. It is

expected that other institutions will follow this lead.

(3) Canadian currency equivalent of 42,000,000 units of account. One unit = \$1.20635 US = \$1.1556 Cdn as of May 1979

(4) Canadian currency equivalent of 126,000,000 units of account. One unit = \$1.20635 US = \$1.1556 Cdn as of May 1979.

(5) These amounts are reflected as non-lapsing non-budgetary authorities in the External Affairs ministerial section of Volume II, Part I (Section 9).

(6) Canada's subscription is for 40,321 shares. Payments are accounted for as a proportion of each share.

(7) Total subscription valued at \$4,864,124,000 US, Callable value translated at \$1 US = \$1,1892 Cdn, representing approximately 93.4% of the total subscription.

(8) Canada has the option of increasing its subcription by a further 4,474 shares, valued at \$539.7 million U.S. (\$641.8 million Cdn.) Of this, \$16 million U.S. (\$19 million Cdn.) will be paid-in.

(9) Subscription and payment authorities are annual non-budgetary voted items presented in the Finance ministerial section of Volume II, Part I (Section 10).

(10) There are no outstanding subscriptions other than the notes payable in Table 6.14. Accounting is based on dollar values rather than number of shares.

(11) This figure represents the amount of notes issued. \$1,003,892,700 has not yet been encashed by IDA.

(12) Canada has agreed to lend the Enhanced Structural Adjustment Facility SDR 300 million of which SDR 47.7 million has been lent, and to subsidize the interest rate on the loan through a grant of approximately SDR 165 million, of which SDR 12.2 million has been paid-in. In addition, lines of credit of SDR 892.5 million have been made available to the IMF, subject to Canada's approval. This amount represents Canada's share of a credit arrangement to supplement the IMF's resources. The IMF did not utilize this arrangement in 1991-92. Canada has the right to opt out of calls on the arrangement on balance of payments and reserve grounds. Any drawdowns would involve an exchange of SDRs or currencies from official reserves in return for a reserve claim on the IMF.

(13) Canada's subscription is for 2,965 shares. Payments are accounted for as a proportion of each share

(14) Total subscription valued at \$32,081,000 US. Callable value translated at \$1 US = \$1.1892 Cdn, representing 80% of the total subscription.

(15) Canada's subscription is for 34,000 share. Payments are accounted for as a proportion of each share.

(16) This figure represents the amount of notes issued. \$2,333,334 has not yet been encashed by GEF.

#### African Development Bank

This account records Canada's subscriptions to the capital of the African Development Bank, as authorized by the International Development (Financial Institutions) Assistance Act, and various appropriation acts (including External Affairs Vote L45, Appropriation Acts No. 1 and No. 2, 1991-92).

During the year, payments and other charges included additional subscriptions in non-interest bearing, non-negotiable demand notes.

### Asian Development Bank

This account records Canada's subscriptions to the capital of the Asian Development Bank, as authorized by the International Development (Financial Institutions) Assistance Act, and various appropriation acts (including External Affairs Vote L45, Appropriation Acts No. 1 and No. 2, 1991-92).

During the year, there were no additional subscriptions made.

# Caribbean Development Bank

This account records Canada's subscriptions to the capital of the Caribbean Development Bank, as authorized by the International Development (Financial Institutions) Assistance Act, and various appropriation acts (including External Affairs Vote L45, Appropriation Acts No. 1 and No. 2, 1991-92).

During the year, payments and other charges included additional subscriptions in non-interest bearing, non-negotiable demand notes.

# European Bank for Reconstruction and Development

This account records Canada's subscription to the capital of the European Bank for Reconstruction and Development, as authorized by the European Bank for Reconstruction and Development Bank Act.

During the year, payments and other charges included subscriptions in cash and in non-interest bearing, non-negotiable demand notes.

#### **Global Environment Facility**

This account records the funding of a facility for environmental funding in developing countries in the areas of ozone, climate change biodiversity and international waters as authorized by an act to amend the Bretton Woods and Related Agreements Act.

During the year, payments and other charges included the issuance of non-negotiable, non-interest bearing notes.

### Inter-American Development Bank

This account records Canada's subscriptions to the capital of the Inter-American Development Bank, as authorized by the International Development (Financial Institutions) Assistance Act, and various appropriation acts (including External Affairs Vote L45, Appropriation Acts No. 1 and No. 2, 1991-92).

During the year, payments and other charges included additional subscriptions in non-interest bearing, non-negotiable demand notes.

# International Bank for Reconstruction and Development (World Bank)

This account records Canada's subscriptions to the capital of the International Bank for Reconstruction and Development, as authorized by the Bretton Woods and Related Agreements Act, and various appropriation acts (including Finance Votes L5 and L11c, Appropriation Acts No. 1, No. 2 and No. 4, 1991-92).

During the year, payments and other charges included additional subscriptions in cash.

### International Development Association

This account records Canada's subscriptions to the capital of the International Development Association, as authorized by the Bretton Woods and Related Agreements Act, and various appropriation acts (including Finance Vote L10, Appropriation Acts No. 1 and No. 2, 1991-92). The subscriptions to the Association, which is part of the World Bank Groups, are used to lend funds to developing countries for development purposes, at rates highly favourable to the borrower (no interest, with a 50 year maturity and 10 years of grace).

During the year, payments and other charges included additional subscriptions in the form of non-interest bearing, non-negotiable demand notes.

#### **International Finance Corporation**

This account records Canada's subscriptions to the capital of the International Finance Corporation, which is part of the World Bank Groups, as authorized by various appropriation acts.

During the year, there were no additional subscriptions made.

# Multilateral Investment Guarantee Agency

This account records Canada's subscriptions to the capital of the Multilateral Investment Guarantee Agency as authorized by an Act to amend the Bretton Woods and Related Agreements Act.

During the year, there were no additional subscriptions made.

#### International financial institutions

This account records loans for assistance to international financial institutions, as authorized by the International Development (Financial Institutions) Assistance Act, and various appropriation acts (including External Affairs Vote L40, Appropriation Acts No. 1 and No. 2, 1991-92).

The balances and transactions for loans to various international financial institutions are as follows:

	April 1/1991	Receipts and other credits	Payments and other charges	March 31/1992
-	\$	\$	\$	\$
African Development Bank	3,718,896	125,000		3,593,896
African Development Fund	818,514,179		111,254,165	929,768,344
Less: notes payable	494,219,698	108,891,666	68,371,606	534,739,758
	324,294,481	108,891,666	179,625,771	395,028,586
Andean Development Corporation	4,125,056	187,490		3,937,566
Asian Development Bank—Special	27,027,000			27,027,000
Asian Development Fund	1,044,067,600		88,592,070	1,132,659,670
Less: notes payable	576,573,115	88,592,070	77,664,000	587,501,185
	467,494,485	88,592,070	166,256,070	545,158,485
Caribbean Development Bank—				
Agricultural Development Fund	8,600,000			8,600,000
Caribbean Development Bank—				
Commonwealth Caribbean Regional	4.630,800		126.000	4,756,800
Caribbean Development Bank—Special	72,173,872		11.162.463	83,336,335
Less: notes payable	19,726,582	10,767,137	6,081,438	24,412,281
	52.447.290	10.767.137	17.243.901	58,924,054
Central American Bank for Economic Integration	2,027,279	76,500		1.950.779
nter-American Development Bank—Fund for Special				
Operations	272,982,076		14,585,061	287.567.137
Less: notes payable	28,335,036	8.913.149	6.166.405	31.081.780
Page 10110 page 111111111111111111111111111111111111	244,647,040	8.913.149	20.751.466	256,485,357
nternational Bank for Reconstruction and Development	23,154,000	-,,.	630,000	23,784,000
nternational Fund for Agriculture Development	89,874,416		333.016	90.207.432
Less: notes payable	42,714,818	333,016	5,399,431	37,648,403
	47.159.598	333,016	5,732,447	52,559,029
nternational Monetary Fund	12,699,310		345,539	13,044,849
	1,222,025,235	217,886,028	390,711,194	1.394.850.401

#### Common Fund for Commodities

This account was established by External Affairs Vote L47b, Appropriation Act No. 3, 1980-81, to make payments and issue guarantees and promissory notes in the current and subsequent fiscal years to purchase shares in the first account of the Common Fund for Commodities in accordance with the terms and conditions of the agreement establishing the Common Fund of Commodities.

Payments, guarantees and promissory notes shall not exceed \$10.380.000 US.

# **International Tin Council**

This account records Canada's subscriptions to the International Tin Council, as authorized by previous appropriation acts. The subscriptions are for the investment in the buffer stock previously established and carried forward under the Sixth International Tin Agreement.

# International Monetary Fund—Enhanced Structural Adjustment Facility

This account records the loan to the International Monetary Fund in order to provide assistance to debt distressed, low-income countries as authorized by an Act to amend the Bretton Woods and Related Agreements Act.

During the year, payments and other charges included a loan in cash.

#### International organizations and associations

These items represent the historical value of payments made by the Canadian Government to working capital funds maintained by international organizations of which Canada is a member. Participation in the financing of these working capital funds, on the basis of the scale of assessments, is prescribed by financial regulations for membership in the organizations. Payments into the funds are not subject to interest or repayment schedules, but are recorded by the organizations as credits from member states. Payments by Canada were authorized by appropriation acts.

# VETERANS' LAND ACT FUND ADVANCES

Advances have been made, under Parts I and III of the Veterans' Land Act, for the acquisition of land, permanent improvements, removal of encumbrances, purchase of stock and equipment, and protection of security. The total amount authorized to be outstanding at any time is \$605,000,000.

A provision equal to 1/10 of the benefits to veterans was established each year up to and including 1978-79. Since that time, a forecast of requirements has been performed each year, and provisions are established as necessary. These provisions are charged to budgetary expenditure and credited to the allowance for conditional benefits account. The allowance for conditional benefits account represents the accumulated net provisions for benefits to veterans in the form of forgiveness of loans authorized by the Veterans' Land Act. These benefits come into effect only after certain conditions are fulfilled by the veterans. At the end of 10 years, the conditions having been met, the accumulated provision is charged to the allowance for conditional benefits account, and credited to the veteran's loan account.

Table 6.16 summarizes the balances and transactions for advances to the Veterans' Land Act Fund.

TABLE 6.16

## VETERANS' LAND ACT FUND

	April 1/1991	Receipts and other credits	Payments and other charges	March 31/1992
	\$	\$	\$	\$
Veterans' Land Act Fund-				
Advances Less: allowance for conditional benefits	60,966,757 14,920	17,467,676	3,751,594 4,200	47,250,675 10,720
Total	60.951.837	17.467.676	3.755.794	47.239.955

# JOINT AND MIXED ENTERPRISES

Joint and mixed enterprises are entities with share capital owned jointly by the Government and other governments and/or organizations to further common objectives. This group records and/or reports the Government's loans, investments and advances to such entities. Additional information on these entities is provided in the President of the Treasury Board's Annual Report to Parliament on Crown Corporations and Other Corporate Interests of Canada.

Under the terms of Section 147 of the Bankruptcy Act, the Superintendent of Bankruptcy has received shares in a number of corporations in lieu of a cash levy payable to the Crown. The Government's purpose in sharing ownership in these corporations with other entities is not to further common operating objectives.

Table 6.17 presents a summary of the balances and transactions for the various types of loans, investments and advances to joint and mixed enterprises.

**TABLE 6.17** 

# JOINT AND MIXED ENTERPRISES

	April 1/1991	Receipts and other credits	Payments and other charges	March 31/1992
	\$	\$	\$	\$
Petro-Canada—Finance— <sup>(1)</sup> Capital stock—Common	3,326,354,321 972,771,853			3,326,354,321 972,771,853
	4,299,126,174			4,299,126,174
Other— Canarctic Shipping Company Limited—Transport Cooperative Energy Corporation—Energy, Mines and				
Resources  Lower Churchill Development Corporation Limited—	57,804,000			57,804,000
Energy, Mines and Resources  National Sea Products Ltd.—Finance	14,750,000 59,540,000			14,750,000 59,540,000
North Portage Development Corporation— Western Economic Diversification				
NPM Nuclear Project Managers Canada Inc— Energy, Mines and Resources				
Société du parc industriel et portuaire Québec-Sud— National Health and Welfare—Federal Office of Regional Development-Quebec Telesat Canada—Finance	400 30,000,000			400 30,000,000
	162,094,400			162,094,400
Total	4,461,220,574			4,461,220,574

<sup>(1)</sup> This account was previously reported in Table 6.3.

#### Petro-Canada

Petro-Canada was initially incorporated under the Canada Business Corporations Act, to explore for, research, develop, produce and distribute hydrocarbons and other types of fuel and energy, and to engage or invest in ventures related thereto.

The Corporation undertook an initial public offering of treasury shares which closed on July 3, 1991. As of March 31, 1992, the Government's holding of shares represents 80.5% ownership of the Corporation.

# Canarctic Shipping Company Limited

The Corporation was incorporated under the Canada Corporations Act, and continued under the Canada Business Corporations Act, to acquire, sell, lease, charter and otherwise deal in and with ships of every description, and to do all other things necessary or incidental thereto.

In 1977-78, 305,996 common shares of Canarctic Shipping Company Limited having a total value of \$305,996, and representing 51% of the common shares outstanding, were purchased and charged to budgetary expenditure (Transport Vote 10—Marine operating expenditures). The balance of outstanding shares is owned by North Water Navigation Ltd.

# **Cooperative Energy Corporation**

The Corporation was incorporated under the Cooperative Energy Act, to operate an energy corporation whose primary activity is to explore and develop new Canadian oil and gas resources. The Corporation is a holding company whose shareholders are the participating co-operatives and the Government of Canada. The objective of the Government's participation is to bring together a number of co-operative financial, agricultural, service and marketing institutions to participate in the Canadian oil and gas industry.

The Minister of Energy, Mines and Resources may subscribe for, acquire and hold shares and equity debentures of the Corporation for the Government of Canada.

The Government's investment in the capital of the Corporation, as authorized by the Cooperative Energy Act, is recorded in this account.

As of March 31, 1992, the Government's investment was made up of 578,040 class B shares with a value of \$57,804,000.

The Government's holding of shares represents 25% controlling interest of the Corporation.

### Lower Churchill Development Corporation Limited

The Corporation was incorporated under the Companies Act of Newfoundland, to establish a basis for the development of all or part of the hydroelectric potential of the Lower Churchill basin and the transmission of this energy to markets.

This account records the Government's investment in the capital of the Corporation. In respect of Canada's participation with the Government of Newfoundland in the development of the hydroelectric power potential of the Lower Churchill River in Labrador, the Government is authorized to purchase approximately 49% of the shares of the Lower Churchill Development Corporation Limited.

The Government has purchased 1,475 class A shares, representing 49% of the shares outstanding. The balance of the outstanding shares is owned by Newfoundland and Labrador Hydro (an agent of the Government of Newfoundland and Labrador).

#### National Sea Products Ltd

The Corporation was incorporated under the Nova Scotia Companies Act, to process and market fish, seafoods and fish by-products. The objective of the Government's participation is to restructure the Nova Scotia fishery.

Pursuant to the Atlantic Fisheries Restructuring Act, the Government has acquired shares in the Corporation. The Government's holding consists of 3,105,952 no par value common shares. This represents 10.58% of the shares outstanding.

### North Portage Development Corporation

The Corporation was incorporated under the Manitoba Corporations Act, to foster the social and economic development of the North Portage area in the core area of Winnipeg. The objective of the Government's participation is to stimulate economic recovery in Canada and Manitoba.

The Government's holding of common shares represents 33.3% of the shares outstanding. The Corporation is owned equally by the City of Winnipeg, the Province of Manitoba and the Government of Canada.

#### NPM Nuclear Project Managers Canada Inc

The Corporation was incorporated under the Canada Business Corporations Act, to manage nuclear projects and construction. The objective of the Government's participation is to transfer this activity from Atomic Energy of Canada Ltd to the private sector.

The Government has purchased 60 no par value common shares.

The Government's holding of shares represents 13.34% of the shares outstanding. The balance of the outstanding shares is owned by four private sector corporations.

#### Société du parc industriel et portuaire Québec-Sud

The Corporation was incorporated by a Special Act of the Government of Quebec, to develop and implement plans and programs for an industrial complex, using the infrastructure of the Quebec harbour, and contributing to the development of that same infrastructure.

The Government has purchased 400 common shares of the Corporation at \$1 per share. This represents 40% of the authorized shares. The balance of the outstanding shares is owned by the Government of Quebec.

#### Telesat Canada

The Corporation was incorporated by the Telesat Canada Act, to establish multi-purpose satellite telecommunication systems.

The Government has purchased 3,000,000 no par value common shares of the Corporation at \$10 per share, for \$30,000,000. This investment represents 49.99% of the common shares outstanding.

At March 31, 1992, the Government had an agreement to dispose of its investment in the Corporation to Alouette Telecommunications Inc. in 1992-93.

# **MISCELLANEOUS**

This group records loans, investments and advances not classified elsewhere.

Table 6.18 presents a summary of the balances and transactions for the various types of miscellaneous loans, investments and advances.

# TABLE 6.18 MISCELLANEOUS LOANS, INVESTMENTS AND ADVANCES

	April 1/1991	Receipts and other credits	Payments and other charges	March 31/1992
	\$	\$	\$	\$
Loans and accountable advances—	Ť	*	Ť	*
External Affairs—				
Missions abroad	10,939,124 9,987,645 20,926,769	741,105,337 15,287,210 756,392,547	743,639,398 14,680,829 758,320,227	13,473,185 9,381,264 22,854,449
National Defence—	20,720,707	700,072,017	700,020,227	22,001,117
Imprest accounts, standing advances and authorized				
loans	34,650,285	641,909,320	639,338,769	32,079,734
Supply and Services—				
Miscellaneous accountable advances Miscellaneous accountable imprest and standing	8,181,625	10,563,417	10,086,959	7,705,167
advances	7,571,528 <i>15,753,153</i>	1,047,482 11,610,899	2,848,277 12,935,236	9,372,323 17,077,490
Total loans and accountable advances	71,330,207	1,409,912,766	1,410,594,232	72,011,673
Other miscellaneous—				
Agriculture—				
Construction of multi-purpose exhibition buildings	17,619,845	788,724		16,831,121
Atlantic Canada Opportunities Agency— Loans to assist industry in the Cape Breton	17,017,043	700,724		10,001,121
area	3,740,816	298,000		3,442,816
Loans to enterprises in Newfoundland and Labrador	5,703,905 9,444,721	434,623 732,623		5,269,282 8,712,098
Communications—				
Cultural industries		0.000	7,000,000	7,000,000
Cultural property	5,729 5,729	2,726 2,726	7,000,000	3,003 7,003,003
Employment and Immigration—	04 64 8 0 8 4	10.000.001	6 440 501	60 0 mm 0 m 4
Transportation and assistance loan	81,617,974	18,203,621	6,443,521	69,857,874
Energy, Mines and Resources—	0.127.000	070 (21		8,258,377
Hydro-Quebec Research Institute	9,137,008 177,955,722	878,631	223,107,932	401,063,654
Joint venture—Bi-Provincial Upgrader	187,092,730	878,631	223,107,932	409,322,031
External Affairs—				
Development of export trade (loans administered by the Export Development Corporation)	53,738,705	35,992,610	16,362,347	34,108,442
Finance—				
Air Canada	77,273,445	29,270,869		48,002,576
Canadian Commercial Bank	66,810,666	0.045		66,810,666
Ottawa Civil Service Recreational Association	161,264	8,245		153,019
Town of Oromocto Development Corporation	15,590	15,590		
Town of Oromocto Development Corporation	144,260,965	29,294,704		114,966,261
Fisheries and Oceans—				
Canadian producers of frozen groundfish	188,315			188,315
Groundfish processors	85,725			85,725
Haddock fishermen	1,353,043 1,627,083	4,558 4,558		1,348,485 1,622,525

**TABLE 6.18** 

# MISCELLANEOUS LOANS, INVESTMENTS AND ADVANCES—Concluded

	April 1/1991	Receipts and other credits	Payments and other charges	March 31/1992
	\$	\$	\$	\$
Indian Affairs and Northern Development—				
Council for Yukon Indians	10,589,396		1,199,999	11,789,395
Eskimo loan fund	2,327,375	367,270		1,960,105
Indian economic development fund	23,584,315	4,194,126	286,956	19,677,145
Indian housing assistance fund	1,142,397	273,111		869,286
Inuvialuit Regional Corporation	82,112,000		1,697,000	83,809,000
Native claimants	170,682,725	703,809	23,223,556	193,202,472
Yukon Energy Corporation	50,650,000	1,400,000		49,250,000
	341,088,208	6,938,316	26,407,511	360,557,403
Industry, Science and Technology-				
Canadian defence industry	1,304,065	80,400		1,223,665
Company stock antion	1,501,005	00,100		2,220,000
Company stock option				
Manufacturing, processing and service industries in				
Canada	111,090,358	1.090.358		110.000.000
Canada	112,394,423	1,170,758		111.223.665
	112,394,423	1,170,736		111,225,005
Labour—	7 000 000			7 000 000
Provincial workers' compensation boards	7,988,000			7,988,000
National Defence—				
Canadian Forces housing projects	11,900,004	534,477		11,365,527
National Health and Welfare-Federal Office of				
Regional Development-Quebec—				
Industrial and regional development program	979,167	31,250		947,917
Public Works—	,			, ,
Sydney Steel Corporation	5,218,162			5,218,162
	3,218,162			3,210,102
Solicitor General—	10.104	22.651	20.022	00.565
Parolees	18,194	22,651	28,022	23,565
Supply and Services—				
Canadian Commercial Bank	15,189,000			15,189,000
Defence production loan account	26,324,007			26,324,007
	41,513,007			41,513,007
Transport—				
Corporation of the City of Montreal	99,610	99,610		
Hamilton Harbour Commissioners	475,000	50.000		425,000
Northern Transportation Company Limited	4,000,000	4,000,000		,
Port Alberni Harbour Commission	85.165	85.165		
Saint John Harbour Bridge Authority	31.694.416	799,019		30,895,397
Baint John Harbour Bridge Hathority	36.354.191	5,033,794		31,320,397
Votament Affaire	30,334,171	3,033,774		51,520,577
Veterans Affairs—	60.414	1.626		E0 070
Commonwealth War Graves Commission	60,414	1,536 99,630,979	270 240 222	58,878
(2)	1,052,921,522		279,349,333	1,232,639,876
dd: consolidation adjustment <sup>(3)</sup>	646,738,000	80,314,000		566,424,000
otal other miscellaneous	1,699,659,522	179,944,979	279,349,333	1,799,063,876
otal	1.770.989.729	1.589.857.745	1.689.943.565	1,871,075,549

<sup>(1)</sup> This account is now shown under the Ministry of Transport.

(2) This account is now shown under the Ministry of National Health and Welfare—Federal Office of Regional Development-Quebec.

(3) Certain Crown corporations are part of the Government's reporting entity. Additional information is provided in Section 5 of this volume and in the audited financial statements (Section 2 of this volume).

#### Missions abroad

Non-interest bearing advances have been made for interim financing of expenditures at missions abroad, pending distribution to appropriations of External Affairs and other departments and agencies.

The total amount authorized to be outstanding at any time is \$50,000,000.

# Personnel posted abroad

A working capital advance account was established to finance loans and advances to employees posted abroad, including employees of other Government departments and agencies, as well as medical advances to locally-engaged staff. The total amount authorized to be outstanding at any time is \$22,500,000.

The closing balance consists of loans to employees, \$6,797,768; advances for medical expenses, \$1,628,997; security and other deposits under Foreign Service Directives, \$607,092; and, school and club debentures, \$347,407.

The loans to employees bear interest at rates from 9% to 14% per annum, and are repayable over 4 years, with final instalments between April 1, 1992 and March 1, 1996.

# Imprest accounts, standing advances and authorized loans

This account was established for the purpose of financing: (a) public funds imprest and public funds advance accounts; (b) standing advances; (c) authorized loans and advances to employees posted abroad; and, (d) authorized recoverable advances to establish military messes and canteens.

The total amount authorized to be outstanding at any time is \$100,000,000.

#### Miscellaneous accountable advances

The closing balance reflects amounts outstanding in the hands of departments, agencies and individuals, at year end, to be expended in the following year.

# Miscellaneous accountable imprest and standing advances

This account is operated to provide imprest funds, accountable advances and recoverable advances to departments and agencies.

The total amount authorized to be outstanding at any time is \$22,000,000.

# Construction of multi-purpose exhibition buildings

Loans have been made to finance the construction of multipurpose exhibition buildings.

The loans bear interest at rates from 7.266% to 9.684% per annum, and are repayable over 20 to 30 years, with final instalments between December 31, 1992 and October 1, 2006.

#### Loans to assist industry in the Cape Breton area

Loans have been made for the purpose of promoting the establishment, growth, efficiency and international competitiveness of Canadian industry or to assist them in their financial restructuring and to foster the expansion of Canadian trade to a person engaged or about to engage in a manufacturing, processing or service industry in the Cape Breton area.

Although authority for additional loans was provided by Atlantic Canada Opportunities Agency Vote L10, Appropriation Acts No. 1 and No. 2, 1991-92, no loans were made during the year.

The loans bear interest at rates from 11% to 13.75% per annum, and are repayable at various dates, with final instalments by December 12, 1992.

# Loans to enterprises in Newfoundland and Labrador

Loans have been made to provide financing to small and medium-sized businesses in Newfoundland.

These loans originated from the Newfoundland and Labrador Development Corporation Limited, of which Canada owned 40% of the shares. In an agreement dated March 29, 1989, the Newfoundland government purchased Canada's shares to effect the withdrawal of the Government of Canada from the Corporation. A condition of the withdrawal was that the Government of Canada accept these loans as full payment of moneys owing by the Corporation to Canada. These loans are currently being administered by the Corporation on behalf of the Government of Canada.

These loans bear interest at rates from 10.5% to 17% per annum, and are repayable at various dates, with final instalments by April 1, 1999.

### Cultural industries

Loans have been made to Canadian owned and controlled firms in cultural industries to encourage the growth of the Canadian book publishing, film and video and sound recording industries.

During the year, loans were authorized by Communications Vote L21b, Appropriation Act No. 3, 1991-92.

These loans bear no interest and will only have to be repaid if the program is terminated.

### Cultural property

Loans have been made to institutions and public authorities in Canada, for the purchase of objects in respect of which export permits have been refused under the Cultural Property Export and Import Act, or for the purchase of cultural property situated outside Canada which is related to the national heritage.

Although authority for additional loans was provided by Communications Vote L20, Appropriation Acts No. 1 and No. 2, 1991-92, no loans were made during the year. The total loan authority is \$10,000 per year.

The terms and conditions of the loans, with their year-end balances, are as follows:

- (a) bearing interest at the rate of 8.995% per annum, repayable over 5 years, with the final instalment on March 23, 1993, \$2,006; and,
- (b) bearing interest at the rate of 10.455% per annum, repayable over 5 years, with the final instalment on September 30, 1993, \$997.

## Transportation and assistance loan

Section 119 of the Immigration Act authorizes the making of loans to immigrants and other such classes of persons.

The total amount authorized to be outstanding at any time is \$110,000,000.

The terms and conditions of the loans, with their year-end balances, are as follows:

- (a) repayable by monthly instalments over 1 to 5 years, with a possible deferment of 2 years, bearing interest at rates from 6% to 15% per annum, with final instalments between April 1, 1992 and April 1, 1997, \$2,733,469; and,
- (b) repayable by monthly instalments over 1 to 5 years, with a possible deferment of 2 years, non-interest bearing, with final instalments between April 1, 1992 and April 1, 1997, \$67,124,405.

During the year, loans totalling \$1,827,066 were written off by Employment and Immigration Vote 16c, Appropriation Act No. 4, 1991-92.

#### Hydro-Quebec Research Institute

Loans have been made to the Hydro-Quebec Research Institute, guaranteed by the Province of Quebec, to provide financial assistance for construction and operation of the Institute.

The loans bear interest at rates from 7.187% to 7.937% per annum, and are repayable in equal annual instalments over 25 years, with the final instalment on March 25, 1999.

#### Joint venture—Bi-Provincial Upgrader

The Government of Canada entered into a joint venture agreement with the Provinces of Alberta and Saskatchewan and Husky Oil Operations Ltd for the sole purpose of constructing and operating the Bi-Provincial Upgrader to be located near Lloydminster, Saskatchewan. The project facility will be used to upgrade heavy oil and crude bitumen.

The Governments' equity interest in the joint venture is equal to 30% of the Class A participating interest and 33.3% of the Class B participating interest.

During the year, additional investment payments were authorized by Energy, Mines and Resources Votes L15 and L15b, Appropriation Acts No. 1, No. 2 and No. 3, 1991-92.

As of March 31, 1992, the Government's total investment is \$404.2 million. Of this amount, \$3.1 million has been charged to budgetary expenditure (Vote 5) in 1988-89.

### Development of export trade

Pursuant to Section 31 of the Export Development Act, the Governor in Council may authorize the Corporation to make loans where the liability is for a term, or in an amount in excess of that normally assumed by the Corporation. Such loans are financed directly by payments out of the Consolidated Revenue Fund and are administered by the Corporation on behalf of the Government of Canada.

Since April 1, 1987, certain loans for the development of export trade are made under budgetary authority.

The following table presents the balances and transactions for the loans made to the private sector, together with their terms and conditions of repayments. The closing balance of loans to the private sector includes, where applicable, total payments made under both budgetary and non-budgetary authorities. The total budgetary payments are deducted as a lump sum amount under the caption "Payments made under budgetary authority" at the end of the table to arrive at the amount reported in Table 6.18.

During the year, loans totalling \$18,802,246 were written off by External Affairs Vote 57c, Appropriation Act No. 4, 1991-92.

	April 1/1991	Receipts and other credits	Payments and other charges	March 31/1992
	\$	\$	\$	\$
(a) 1 to 5 year term, 8.5% to 9.5% interest per annum, with final repayments between July 1986 and April 1995:				
Brazil Nigeria	5,202,341 82,939		141,551	5,343,892 82,939
Norway	18,802,246 24,087,526	18,802,246 18,802,246	141,551	5,426,831
(b) 6 to 10 year term, 8% interest per annum, with final repayments in September 2001:				
Antigua c) 11 to 15 year term, 8.5% interest per annum, with final repayments between October 1983 and April 1995;	14,627,376	1,330,764	361,195	13,657,807
Zambia	150,111			150,111
repayments in June 2012: Thailand 2) 40 year term, 0% interest per annum, with final	8,862,596		15,454,901	24,317,497
repayment in March 2036: Antigua	14,873,692		404,700	15,278,392
.ess: payments made under budgetary authority	62,601,301 8,862,596	20,133,010 15,859,600	16,362,347	58,830,638 24,722,196
	53,738,705	35,992,610	16,362,347(1)	34,108,442

<sup>111</sup> This amount includes a valuation adjustment of \$502,746.

#### Air Canada

The Corporation was established by the Air Canada Act, and continued under the Canada Business Corporations Act, to provide scheduled domestic and international air services to North America, the British Isles, continental Europe and the Caribbean.

The loan bears interest at the rate of 7.243% per annum, and is repayable in semi-annual instalments over 15 years, with the final instalment on April 13, 1993.

#### Canadian Commercial Bank

Advances have been made to the Canadian Commercial Bank representing the Government's participation in the support group as authorized by the Canadian Commercial Bank Financial Assistance Act. These funds represent the Government's participation in the loan portfolio that was acquired from the Bank (the Government of Canada's share is \$60 million) and the purchase of outstanding debentures from existing holders (\$6.8 million).

### Ottawa Civil Service Recreational Association

Loans have been made to the Ottawa Civil Service Recreational Association, to assist in the building and development of the W Clifford Clark Memorial Centre.

The remaining loan bears interest at the rate of 4.25% per annum, and is repayable in equal semi-annual instalments over 45 years, with the final instalment due September 30, 2005.

### **Town of Oromocto Development Corporation**

Loans were made to the Town of Oromocto Development Corporation, for housing projects in the Town of Oromocto, New Brunswick. The total loan authority was \$750,000.

During the year, the remaining loan was repaid in full.

#### Canadian producers of frozen groundfish

Loans have been made to Canadian producers of frozen groundfish, canned and frozen crabmeat, and canned and frozen lobster meat, to assist in the financing of inventories.

The loans bore interest at the rate of 13% per annum, and were repayable in equal annual instalments over 7 years, with the final instalment in December 1987.

#### Groundfish processors

Loans have been made to assist processors of groundfish in Canada, who, as determined by the Fisheries Prices Support Board, are unable to obtain sufficient financing on reasonable terms from other sources, to maintain raw fish prices, i.e. prices to primary producers, at the 1966-67 level. The loans bear interest at the rate of 8.75% per annum, and were repayable in equal annual instalments over 7 years, with the final instalment in December 1984. No loan repayments nor interest were received since November 1982.

Loans, in the amount of \$3,000,000, have also been made to ice-affected fish plants in Newfoundland, Labrador and North Shore, Quebec, to provide advances for working capital assistance to Canadian producers of groundfish products in Newfoundland and Quebec, who were affected by severe ice conditions in May and June 1974. The loans bear interest at rates from 8% to 10% per annum, and were repayable in equal annual instalments over 7 years, with the final instalment in December 1985.

#### Haddock fishermen

Loans have been made to Nova Scotia haddock fishermen whose fishery was closed from February 1 to May 31, 1975, pursuant to an agreement under the International Agreement for the Northwest Atlantic Fisheries. The total loan authority is \$1,650,000.

The loans bore interest at the rate of 8% per annum, and were repayable in equal annual instalments over 4 years, with the final instalment in 1979. Parliamentary authority is required to write off the balance.

#### Council for Yukon Indians

Loans have been made to the Council for Yukon Indians, to provide interim benefits to elderly Yukon Indians pending settlement of Yukon Indians land claims.

During the year, additional loans were authorized by Indian Affairs and Northern Development Votes L25 and L25c, Appropriation Acts No. 1, No. 2 and No. 4, 1991-92.

The loans are repayable in full upon settlement of land claims, and are non-interest bearing before an Agreement-in-Principle for the settlement of a claim is reached.

#### Eskimo loan fund

Loans have been made to individual Eskimos or groups of Eskimos, to promote commercial activities and gainful occupations. Loans have also been made to co-operative associations, credit unions, caisses populaires or other credit societies incorporated under provincial laws, where the majority of members are Eskimos, or to corporations incorporated under the laws of Canada, or provincial laws, where the controlling interest is held by Eskimos.

The total amount authorized to be outstanding at any time is \$7,072,000.

The loans bear interest at rates from 5% to 19.5% per annum, and are repayable over 1 to 15 years, with final instalments between April 1, 1992 and February 2, 2003.

During the year, loans totalling \$161,158 were written off by Indian Affairs and Northern Development Vote 31c, Appropriation Act No. 4, 1991-92.

#### Indian economic development fund

Loans have been made for the purposes of economic development of Indians, to Indians or Indian bands, or to individuals, partnerships or corporations, the activities of which contribute or may contribute to such development.

In 1991-92, the total amount authorized to be outstanding at any time was decreased to \$62,881,096, by Indian Affairs and Northern Development Vote 7c, Appropriation Act No. 4, 1991-92.

The loans bear interest at rates from 5% to 21% per annum, and are repayable over 4 months to 15 years, with final instalments between April 1, 1992 and April 1, 2007.

During the year, loans totalling \$2,256,790 were written off by Indian Affairs and Northern Development Vote 8c, Appropriation Act No. 4, 1991-92.

#### Indian housing assistance fund

Second mortgage loans have been made to provide financial assistance to Indians and Inuit, for the construction and acquisition of houses and land, in areas other than Indian reserves. The purposes of the account were extended to authorize loans and advances to Indians and Inuit, for repairs or improvements to houses at time of purchase, in areas other than Indian reserves.

The total amount authorized to be outstanding at any time is \$20,000,000.

The loans are non-interest bearing, and are repayable in full by equal annual instalments or forgiveness, or, when the borrower sells the property. Whenever certain conditions of occupancy and maintenance are satisfied, instalments are forgiven at the rate of 10% per annum for up to 10 years.

During the year, \$163,750 was forgiven under the authority of Northern Affairs and National Resources Vote L51a, Appropriation Act No. 9, 1966.

In 1991-92, loans totalling \$64,673 were written off by Indian Affairs and Northern Development Vote 8c, Appropriation Act No. 4, 1991-92.

# **Inuvialuit Regional Corporation**

A loan has been made to the Inuvialuit Regional Corporation pursuant to Section 6 of the Western Arctic (Inuvialuit) Claims Settlement Act to meet the monetary obligations of the Government under Section 15(4) of the agreement dated June 5, 1984, between the Committee for Original Peoples' Entitlement representing the Inuvialuit of the Inuvialuit Settlement Region, and the Government of Canada.

The total loan authority is \$30,000,000 per year as long as the total outstanding loans do not exceed \$83,809,000.

The loan bears interest at the rate of 8% per annum, calculated semi-annually, not in advance, and any accrued interest or loans outstanding, exceeding \$85,652,000 are repayable on December 31, 1992.

#### Native claimants

Loans have been made to native claimants, to defray the costs related to the research, development and negotiation of claims.

During the year, additional loans were authorized by Indian Affairs and Northern Development Votes L20, L20b and L20c, Appropriation Acts No. 1, No. 2, No. 3 and No. 4, 1991-92.

The terms and conditions of the loans are as follows:

- (a) loans made before an Agreement-in-Principle for the settlement of a claim is reached are non-interest bearing;
- (b) loans made after the date on which an Agreement-in-Principle for the settlement of a claim has been reached, bear interest at a rate equal to the rate established by the Minister of Finance in respect of borrowings for equivalent terms by Crown corporations; and,
- (c) loans are due and payable, as to principal and interest, on the date on which the claim is settled, or on a date fixed in the agreement, which shall be not later than March 31, 2001, whichever date is earlier.

# **Yukon Energy Corporation**

In accordance with Section 4(2) of the Northern Canada Power Commission Yukon Assets Disposal Authorization Act, the Northern Canada Power Commission (formerly a Crown corporation) transferred its assets in the Yukon Territory to the Yukon Energy Corporation effective March 31, 1987.

Loans have been made to assist the Yukon Energy Corporation in acquiring the Northern Canada Power Commission Yukon Assets pursuant to Section 7(1) of the Northern Canada Power Commission Yukon Assets Disposal Authorization Act.

The terms and conditions of the loans, with their year-end balances, are as follows:

- (a) loans in the amount of \$14,000,000 bear interest at the rate of 9% per annum, are repayable in equal principal annual instalments of \$400,000 plus interest, with the final principal instalment on March 31, 1997 of \$12,400,000 plus interest; and,
- (b) loans in the amount of \$35,250,000 bear interest at the rate of 7% per annum, are repayable in equal principal annual instalments of \$1,000,000 plus interest with the final instalment on January 1, 2028. The instalment is subject to certain principal deferral and interest abatement provisions depending on the sales volume of electrical power.

#### Canadian defence industry

Advances have been made to assist Canadian defence industry with plant modernization.

The advances are non-interest bearing, and are repayable over 1 to 4 years, with final instalments between April 1, 1992 and December 31, 1995.

#### Company stock option

Pursuant to Section 15 of the Department of Industry, Science and Technology Act, this account establishes authority, in accordance with terms and conditions prescribed by regulations of the Governor in Council.

- (a) to take, purchase, exercise, assign or sell, on behalf of Her Majesty in Right of Canada, a stock option in a company in connection with the provision of a loan, insurance of a loan, or contribution made to the company by Her Majesty under a program authorized by the Governor in Council where, in the opinion of the Minister.
  - (i) it is necessary to take, purchase, exercise, assign or sell the stock option in order to permit Her Majesty in Right of Canada to benefit from the purchase; or
  - (ii) it is necessary to take, purchase, exercise, assign or sell, the stock option in order to protect the Crown's interest in respect of a loan made or insured, or contribution made; and
- (b) to authorize the sale or other disposition of any capital stock acquired.

During the year, additional purchases were authorized by Industry, Science and Technology Vote L10, Appropriation Acts No. 1 and No. 2, 1991-92.

# Manufacturing, processing and service industries in Canada

This account records loans made to persons engaged or about to engage or assist in manufacturing, processing or service industries in Canada in order to promote the establishment, improvement, growth, efficiency or international competitiveness of such industries or to assist them in their financial restructuring.

During the year, an additional loan was authorized by Industry, Science and Technology Vote L15, Appropriation Acts No. 1 and No. 2, 1991-92.

In 1991-92, a loan totalling \$1,090,358 was written off pursuant to Industry, Science and Technology Vote 6c, Appropriation Act No. 4, 1991-92.

The remaining loan is interest free unless it is in default, and is repayable at maturity on April 1, 2017.

#### Provincial workers' compensation boards

This account is operated under the authority of Section 4(6) of the Government Employees Compensation Act, to provide operating funds to enable provincial compensation boards to administer the Act on behalf of the Crown, and pay claims to Canadian Government employees injured in the course of their employment.

The total amount of advances that is authorized to be made to all provincial workers' compensation boards is not to exceed three months' disbursements for compensation.

The advances are non-interest bearing and are to be repaid on termination of agreements with provincial boards.

# Canadian Forces housing projects

Advances have been made to the Canada Mortgage and Housing Corporation, in respect of loans arranged by the Corporation for housing projects for occupancy by members of the Canadian Forces.

The loans bear interest at rates from 4% to 5.75% per annum, and are repayable over 35 to 48 years, with final instalments between August 1, 1996 and November 1, 2010.

### Industrial and regional development program

Loans have been made to firms and industries to help them adjust to changing competitive conditions and to produce new, more viable and competitive products and services.

The remaining loan bears interest at the rate of 10% per annum, and is repayable between July 11, 1992 and January 24, 1999.

### **Sydney Steel Corporation**

Loans have been made to Sydney Steel Corporation, for the construction of wharf facilities at Sydney, Nova Scotia. The total loan authority is \$6,000,000.

The loans bear interest at the rate of 9.078% per annum, and are repayable in equal annual instalments over 20 years, with the final instalment on June 12, 1998. The instalments are in arrears since June 1, 1979. Parliamentary authority is required to write off the balance.

#### **Parolees**

Loans have been made to parolees and individuals under mandatory supervision, to assist in their rehabilitation.

The total amount authorized to be outstanding at any time is \$50,000.

The loans are non-interest bearing and are repayable before the expiration of the parole period, or within one year from the date the loans were made, whichever period is the shorter. The repayment of a loan or any part thereof may be forgiven by the Solicitor General, if certain conditions are met.

#### Canadian Commercial Bank

This account represents the amount the Receiver General for Canada had on deposit with the Canadian Commercial Bank at the time the Bank ceased operation on September 1, 1985. This amount is actually expected to be recovered in full.

### Defence production loan account

This account was established under Section 18 of the Defence Production Act, to record loans or advances for any purpose other than to assist in the construction, acquisition, extension or improvement of capital equipment or works by any person.

#### PUBLIC ACCOUNTS, 1991-92

Section 19 of the Defence Production Act stated that the aggregate of expenditures charged to the Defence Production Revolving Fund (budgetary account), and to this account, shall not at any time exceed by more than \$100,000,000 the aggregate of amounts:

- (a) received from the sale or disposition of materials, substances or defence supplies;
- (b) charged to another appropriation in respect of costs of acquisition, storage, maintenance or transportation of stocks of materials or substances purchased, or of stocks of defence supplies acquired, where such materials, substances or defence supplies may be acquired under that appropriation;
- (c) charged to an appropriation or paid by an agent of Her Majesty or by an associated government, to pay costs incurred in respect of defence supplies, payment for which was made out and charged to the Defence Production Revolving Fund; and,
- (d) received in repayment of a loan or advance previously charged to this account.

The balance in the account represents:

- a repayment of \$1.7 million owed to this account by CAE Aircraft, which is in dispute concerning the date when repayment is due. Legal counsel is of the opinion that no loss to the Government will be incurred; and,
- loans of \$24.6 million which have been issued to Expro Chemical Products Inc. for the specific purpose of meeting its working capital requirements. Parliamentary authority is required to write off the balance.

The loans bear interest at rates from 9.865% to 10.245% per annum, and are repayable in quarterly instalments over 5 to 10 years, with the final instalment in October, 1998.

# Corporation of the City of Montreal

A loan was made to the Corporation of the City of Montreal, for the construction of a vehicular tunnel under the Lachine Canal at Atwater Avenue.

During the year, the loan was repaid in full.

#### Hamilton Harbour Commissioners

Loans have been made to the Hamilton Harbour Commissioners, to assist in the development of the harbour.

The total amount authorized to be outstanding at any time is \$4,000,000.

The remaining loan bears interest at the rate of 4.125% per annum, and is repayable in semi-annual instalments over 39 years, with the final instalment on January 15, 2004.

### Northern Transportation Company Limited

A loan was made to 141606 Canada Limited, to finance the acquisition of the former Northern Transportation Company Limited. On July 15, 1985, both corporations were amalgamated under the name of Northern Transportation Company Limited.

During the year, the total loan was forgiven under the authority of Transport Vote 2c, Appropriation Act No. 4, 1991-92.

#### Port Alberni Harbour Commission

Loans were made to the Port Alberni Harbour Commission, to finance the construction of a new lumber assembly wharf.

During the year, the loans were repaid in full.

### Saint John Harbour Bridge Authority

Advances have been made to the Saint John Harbour Bridge Authority in connection with the financing, construction and operation of a toll bridge across the harbour of Saint John, NB. The total amount of advances in each year is to be based on the difference for the year between the operating and financing costs of the toll bridge, and the revenue of the Bridge Authority, repayable when the revenue of the Bridge Authority for the year exceeds the amount of the operating and financing costs for such year.

On April 1, 1990, a new agreement was signed. This agreement called for the consolidation of all debts into one non-interest bearing loan. The Authority will remit excess funds from the operation of the bridge to the Government on an annual basis to repay the debt.

#### Commonwealth War Graves Commission

Advances have been made to the working capital fund of the Commonwealth War Graves Commission, to maintain graves and cemeteries,

At year end, the balance of the advances was £30,000 UK. This balance was converted to Canadian dollars, using the year-end rate of exchange.

The advances are non-interest bearing and have no fixed terms of repayments.

#### ALLOWANCE FOR VALUATION

In accordance with the comprehensive policy on valuation, assets are subject to an annual valuation to reflect reductions from the recorded value to the estimated realizable value.

The allowance for valuation, for loans, investments and advances, represents the estimated losses on the realization of the loans, investments and advances included in the accounts of Canada at year end.

# section 7

1991-92 PUBLIC ACCOUNTS

# **Specified Purpose Accounts**

# **CONTENTS**

Canada Pension Plan Account
Superannuation accounts
Government Annuities Account
Deposit and trust accounts
Provincial tax collection agreements account
Other specified purpose accounts
Supplementary statements—
Canada Pension Plan Account and the Canada Pension
Plan Investment Fund
Government Annuities Account
Royal Canadian Mounted Police (Dependants) Pension Fund

# SPECIFIED PURPOSE ACCOUNTS

Specified purpose accounts represent the value recorded of the financial obligations of the Government in its role as administrator of certain public moneys received or collected for specified purposes, under or pursuant to the legislation, trusts, treaties, undertakings or contracts. These public moneys may be paid out only for the purposes specified in or pursuant to the legislation, trusts, treaties, undertakings or contracts.

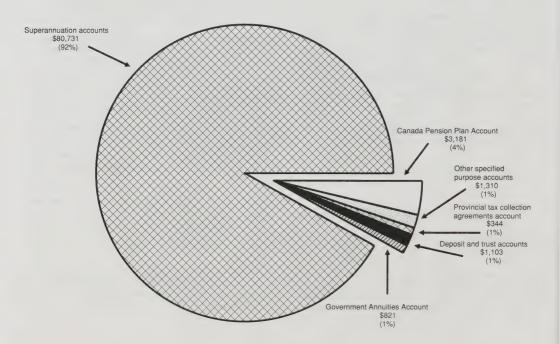
Because of the dedicated purposes of these moneys, specific accounts are required to be maintained to provide an accounting mechanism to ensure that the moneys are used only for the purposes for which they were received or collected. Legislation relating to some accounts permits investments to be made and, in certain cases, the balances of the accounts earn interest.

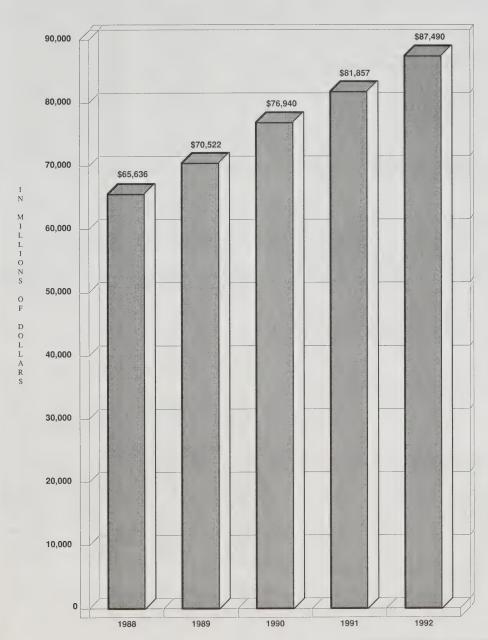
Chart A presents the total specified purpose accounts by category for the current fiscal year, while Chart B compares the total specified purpose accounts for the last five fiscal years. Table 7.1 presents the transactions and year-end balances of specified purpose accounts by category.

Some tables in this section present the continuity of accounts, by showing the opening and closing balances, as well as receipts and other credits, and payments and other charges.

The financial statements of the Canada Pension Plan Account and the Canada Pension Plan Investment Fund, the Government Annuities Account and the Royal Canadian Mounted Police (Dependants) Pension Fund, together with the Auditor General's reports thereon, are presented at the end of this section.

CHART A
SPECIFIED PURPOSE ACCOUNTS
(in millions of dollars)





SPECIFIED PURPOSE ACCOUNTS 7.3

TABLE 7.1
SPECIFIED PURPOSE ACCOUNTS

	April 1/1991	Receipts and other credits	Payments and other charges	March 31/1992
	\$	\$	\$	\$
Canada Pension Plan Account, Table 7.2	41,120,249,859	15,817,235,639	14,890,394,155	42,047,091,343
Less: securities held by the Canada Pension Plan Investment Fund, Table 7.2	37,661,664,000 3,458,585,859	879,332,000 16,696,567,639	2,083,961,000 16,974,355,155	38,866,293,000 3,180,798,343
Superannuation accounts, Table 7.4	74,838,490,488 864,405,690	10,777,418,349 57,045,675	4,884,996,255 99.914.799	80,730,912,582 821,536,566
Deposit and trust accounts, Table 7.12	1,114,225,773	2,934,919,042	2,946,422,019	1,102,722,796
Table 7.15	585,109,671 996,245,642	225,735,065,996 1.012,770,239	225,976,517,359 698,246,803	343,658,308 1,310,769,078
Other specified purpose accounts, Table 7.16	81,857,063,123	257,213,786,940	251,580,452,390	87,490,397,673

Note: The balances and the transactions of the Unemployment Insurance Account, the Canadian Ownership Account, the Western Grain Stabilization Account, the Crop Reinsurance Fund, the Agricultural Commodities Stabilization Accounts and other specified purpose accounts are reported in Section 5 of this volume (Table 5.6) since the transactions in these accounts are treated as budgetary.

### Canada Pension Plan Account

The Canada Pension Plan is a compulsory contributory social insurance program which enables members of the labour force to acquire and retain protection for themselves and their families against loss of income due to retirement, disability or death. Established in 1965, the Plan applies in all parts of Canada, except the Province of Quebec which has a comparable plan.

Under existing arrangements, all benefits and expenses incurred in the administration of the plan are financed from contributions made by employees, employers and self-employed persons, and from interest earned from the investment of funds. The Government's financial obligation, as administrator of the Canada Pension Plan, is limited to the balance in the Account.

Table 7.2 presents a summary of the balances and transactions in the Canada Pension Plan Account less investment in securities of the federal, provincial and territorial governments held by the Canada Pension Plan Investment Fund.

TABLE 7.2 CANADA PENSION PLAN ACCOUNT

	April 1/1991	Receipts and other credits	Payments and other charges	March 31/1992
	\$	\$	\$	\$
Canada Pension Plan Account, Table 7.3	41,120,249,859	15,817,235,639	14,890,394,155	42,047,091,343
Fund — Canada	3.492.216.000	6,540,000	15,763,000	3,501,439,000
Newfoundland	781.175.000	17,602,000	40,858,000	804,431,000
		17,002,000		
Nova Scotia	1,428,780,000	2 (20 000	78,408,000	1,507,188,000
Prince Edward Island	168,166,000	3,620,000	9,794,000	174,340,000
New Brunswick	1,058,357,000	26,826,000	58,458,000	1,089,989,000
Quebec	136,076,000	6,613,000	12,778,000	142,241,000
Ontario	17,042,716,000	498,328,000	1,078,879,000	17,623,267,000
Manitoba	2.031.122.000	53,731,000	104,459,000	2,081,850,000
Saskatchewan	1,686,077,000	42,731,000	90.664.000	1.734.010.000
Alberta	4,534,771,000	92,130,000	280,721,000	4,723,362,000
British Columbia	5,298,482,000	131,211,000	313,179,000	5,480,450,000
Northwest Territories	3,230,102,000	131,211,000	515,177,000	5,100,150,000
Yukon Territory	3,726,000			3,726,000
Tukon termory	37,661,664,000	879,332,000	2,083,961,000	38,866,293,000
Total	3,458,585,859	16,696,567,639	16,974,355,155	3,180,798,343

Receipts and other credits include:

- (a) the calendar year contributions: (i) by employees, 2.3% of earnings over \$3,000 for 1991, and 2.4% of earnings over \$3,200 for 1992, subject to maximum payments of \$632.50 for 1991 and \$696.00 for 1992, with matching contributions by employers and (ii) by self-employed persons, 4.6% of earnings over \$3,000 for 1991, and 4.8% of earnings over \$3,200 for 1992, subject to maximum payments of \$1,265.00 for 1991 and \$1,392.00 for 1992. The year's maximum pensionable earnings are \$30,500.00 for 1991 and \$32,200.00 for 1992;
- (b) interest received from the securities of the Canada Pension Plan Investment Fund, and from the average daily operating balance; and,
- (c) funds received from the federal and provincial governments for securities which have been redeemed.

Payments and other charges include:

- (a) benefits paid under the Canada Pension Plan as retirement pensions, survivors' benefits paid to widows, widowers and orphans, or as lump sum death benefits, and disability pensions and benefits to children of disabled contributors;
- (b) benefits paid and recovered from the Canada Pension Plan, in accordance with an agreement with a province providing a comprehensive pension plan;
- (c) payments that are required to be charged to the Canada Pension Plan Account, in accordance with reciprocal agreements with other countries;
- (d) the costs of administration of the Plan; and,
- (e) funds invested during the year in the securities of the federal, provincial and territorial governments.

When the operating balance exceeds the estimated amount required to meet all payments in the following three-month period, the excess is available for the purchase of securities of the provinces, territories and Canada.

Provinces and territories are advised monthly of the amount of excess funds in the Canada Pension Plan Account that is available for the purchase of provincial and territorial securities. The amount available to each province and territory is the proportion that contributions made to the Plan during the preceding ten years in respect of employment in the province or territory bears to total contributions. Contributions received in respect of employment from employees outside Canada as well as any excess funds not invested in the securities of the provinces and territories are invested in the special non-marketable bonds of the Government of Canada.

Certain federal employees, such as members of the Canadian Armed Forces, who are resident in the Province of Quebec, contribute to the Canada Pension Plan. The securities of Quebec which are purchased by the Plan relate to the contributions of these employees.

On the Statement of Assets and Liabilities of the Government of Canada, the investment in securities issued by the federal, provincial and territorial governments, as charged to the Canada Pension Plan Investment Fund, is deducted from the Canada Pension Plan Account.

TABLE 7.3
CANADA PENSION PLAN ACCOUNT
(in millions of dollars)

-	1991-92	1990-91
RECEIPTS AND OTHER CREDITS—		
Contributions— Employees, employers and self-employed	8.391	7,969
Interest on investments	4,170	4,007
balance Canada Pension Plan Investment Fund	293	403
transactions	2,963	2,908
	15,817	15,287
PAYMENTS AND OTHER CHARGES— Benefits	11,793 134	10,541 163
Canada Pension Plan Investment Fund transactions	2,963	2,908
	14,890	13,612
Excess of receipts and other credits over payments and other charges	927	1,675
Funds applied— Purchase of bonds—		
Provincial and territorial Federal Increase (decrease) in deposits with	2,068 16	1,618 425
Receiver General	-278 1,806	497 2,540
Less: funds provided— Redemption of bonds—		
Provincial and territorial Federal	873 6	859 6
-	879	865
Net increase Balance at beginning of year	927 41,120	1,675 39,445
Balance at end of year	42,047	41,120

# **Superannuation Accounts**

The superannuation accounts liability represents the Government's pension obligations for its major pension plans and is reflected in the related specified purpose accounts as well as a supplementary allowance. This allowance account is used to record any shortfall between the pension liabilities and the superannuation accounts balances as determined on an actuarial basis for accounting purposes.

Defined benefit pension plans for substantially all its full-time employees, principally members of the Public Service, the Canadian Forces and the Royal Canadian Mounted Police (RCMP), have been established by legislation. The Government has obligations for these plans. It also has obligations for several other pension plans. The two most significant ones cover all members of Parliament and federally appointed judges.

Enabling legislation provides that all superannuation obligations arising from these plans be met but separately invested funds are not maintained.

# i. Pension legislation

On September 29, 1992, an Act to amend certain Acts in relation to pensions and to enact the Special Retirement Arrangements Act and the Pension Benefits Division Act received Royal Assent.

The Act amends the Public Service Superannuation Act (PSSA), the Canadian Forces Superannuation Act (CFSA), the RCMP Superannuation Act (RCMPSA) and the Members of Parliament Retiring Allowances Act (MPRAA), and enacts the Special Retirement Arrangements Act and the Pension Benefits Division Act.

These amendments provide the authority to enable the federal pension plans to comply with the Income Tax Act rules for registered pension plans, and bring about some changes to pension arrangements of the Public Service employees, members of the Canadian Forces and members of the RCMP.

No changes were made to the basic provisions of the current pension plans. Consequently, the full indexing guarantee, current employee contribution rates, the current age and service pension thresholds and contribution lock-in provisions remain unchanged.

Other amendments include provisions:

-for the public service employees, for:

coverage of part-time employees; and

an early retirement program for certain employees of the Correctional Service of Canada:

#### -for all major plans:

optional coverage is provided for leave without pay exceeding three months;

the Pension Benefits Division Act permits the division of pension benefits on marital breakdown; and

the Special Retirement Arrangements Act provides a mechanism to allow for the accrual of pensions in excess of the amounts payable under Income Tax Act rules for registered pension plans.

As at April 1, 1991, the basic pension accounts were combined with the portion of the respective Supplementary Retirement Benefits Account that relates to each plan. From that date, pension benefits have been fully funded as they were earned by employees. All future benefits, including all indexing payments will be charged to the appropriate pension accounts. The Government contributions to these accounts will be made monthly and at the levels which will be adequate to cover the cost of the benefits being earned. Any future actuarial deficits as determined in triennial valuation reports will be credited to the accounts in equal annual instalments over a period not to exceed 15 years with the first instalment to be credited in the fiscal year in which the actuarial valuation report is laid before Parliament.

# ii. Pension plans

# Employee pension plans

Basic pensions for the three major employee plans are generally based on the best six consecutive years' average earnings and are accrued at 2 percent of these average earnings per year of service, to a maximum of 70 percent of final average earnings. Basic pensions are indexed annually (on January 1) to the cost of living.

Employee contributions for these benefits are 7 1/2 percent of pay, less contributions to the Canada or Quebec Pension Plan. Employer contributions are made monthly to provide for the cost of the benefits that have accrued in respect of that month at a rate determined by the President of the Treasury Board. In 1991-92, the employer contribution rates averaged about 1.0, 2.1 and 1.8 times the current year's employee contribution for the plans of the PSSA, the CFSA and the RCMPSA, respectively.

The Public Service Superannuation Act also covers the employees of certain Crown corporations, agencies and other institutions. Pension obligations for Crown corporations covered by the Public Service Superannuation Act are limited to matching their employees' contribution; any actuarial deficiency is borne by the Government.

Contributions are credited to the superannuation accounts. The accounts earn interest at rates that are based on the Government of Canada long-term bond rate. The interest rate earned by the accounts was about 11 percent for both 1991 and 1992.

#### Members of Parliament retiring allowances

Members of Parliament are eligible to receive a basic retiring allowance upon termination of membership after having contributed to the plan for at least six years. The basic allowance is based on the best six year average sessional indemnity and is accrued at a rate of 5 percent and 3 percent of these average indemnity for members of the House of Commons and for Senators, respectively. Basic allowances are indexed annually (on January 1) to the cost of living.

Members contributions for these benefits are 11 percent for members of the House of Commons and 7 percent for Senators. The Government contributions are made monthly to provide for the cost of the benefits that have accrued in respect of that month at a rate determined by the President of the Treasury Board. The contribution rates expressed as a multiple of members contributions are as follows:

	1992
Members of Parliament	
House of Commons	
Retiring allowances prior to January 1992	1.00
Retirement allowances January 1, 1992	2,43
Retirement compensation arrangements	7.68
The Senate	
Retiring allowances prior to January 1992	1.00
Retirement allowances January 1, 1992	1.48
Retirement compensation arrangements	2.63

Contributions are credited to the superannuation accounts. The accounts earn interest at a rate of  $2\,\mathrm{1/2}$  percent per quarter.

#### iii. Actuarial valuations

As required under the Public Pensions Reporting Act, actuarial valuations are performed triennially on the five major pension plans including the related indexing benefits, using the projected benefit method pro-rated on services as specified in their respective Acts.

The most recent actuarial valuation for each plan was prepared as follows:

Public Service Pension Plan— December 31, 1989:

Canadian Forces Pension Plan— December 31, 1990;

Royal Canadian Mounted Police Pension Plan— December 31, 1989;

Pension Plan for Federally Appointed Judges—December 31, 1988;

Members of Parliament Retiring Allowances—December 31, 1988.

As at March 31, 1992, the actuarial report for the Canadian Forces Pension Plan was not tabled before Parliament.

In accordance with the legislation governing the major pension plans, the President of the Treasury Board has the authority to direct that any actuarial deficiency found will be divided into equal instalments and credited to the appropriate account over a period not exceeding fifteen years commencing in the year in which the actuarial report is laid before Parliament. In the current year, two actuarial deficits were credited to the appropriate accounts as the new legislation came into force. These actuarial deficits were credited to the Public Service Superannuation Account and the Member of Parliament Retiring Allowances Account and charged to expenditure.

Table 7.4 presents a summary of the balances and transactions for the superannuation accounts. Receipts and other credits for the superannuation accounts consist of contributions from employees, related contributions from the Government and participating Public Service corporations, transfers from other pension funds, other contributions related to actuarial liability adjustments for basic pension accounts and interest. Payments and other charges for the superannuation accounts consist of annuities payments for pensions, minimum benefits, cash termination allowances (lump sum payments to employees suffering a disability), refunds of contributions, and transfers to other plans. Adjustments to the supplementary allowance account result from actuarial valuations performed for accounting purposes.

Table 7.5 presents a summary of transactions in the superannuation accounts that resulted in charges to budgetary expenditure.

TABLE 7.4
SUPERANNUATION ACCOUNTS

	April 1/1991	Receipts and other credits	Payments and other charges	March 31/1992
	\$	\$	\$	\$
Public Service Superannuation Account,				
Table 7.6	37,566,271,329			
Benefits Account	4,394,842,208			
	41,961,113,537	6,631,341,416	2,278,226,371	46,314,228,582
Canadian Forces Superannuation Account, Table 7.7	23,859,990,505			
Transfer from the Supplementary Retirement	1 207 161 405			
Benefits Account	1,207,161,495 25,067,152,000	3,318,566,937	1.141.032.910	27.244.686.027
Royal Canadian Mounted Police Superannuation Account,	25,007,152,000	3,510,500,507	1,111,002,510	27,277,000,027
Table 7.8  Transfer from the Supplementary Retirement	4,018,387,922			
Benefits Account	327,767,808			
	4,346,155,730	643,230,153	98,416,120	4,890,969,763
Members of Parliament Retiring Allowances Account, (1)				
Table 7.9	31,361,092	175,663,154	7,194,610	199,829,636
Members of Parliament Retirement Compensation		3.195.103	10.050	3.185.053
Arrangements Account, Table 7.10		3,193,103	10,030	3,103,033
Table 7.11	5,962,479,640			
Transfer to superannuation accounts	5,929,771,511			
•	32,708,129	5,421,586	10,116,194	28,013,521
	71,438,490,488	10,777,418,349	3,534,996,255	78,680,912,582
Allowance for the actuarial liability for employee pensions	3,400,000,000		1,350,000,000	2.050,000,000
Fotal	74,838,490,488	10.777.418.349	4,884,996,255	80,730,912,582

<sup>(1)</sup> This account was previously reported in Table 7.16.

TABLE 7.5
SUMMARY OF TRANSACTIONS IN SUPERANNUATION ACCOUNTS THAT RESULTED IN CHARGES TO BUDGETARY EXPENDITURE
(in millions of dollars)

			1991-92			
	Government contributions	Actuarial liability adjustment	Statutory payments under Supplementary Retirement Benefits Act	Interest	Total	1990-91
Public Service Superannuation Account	621	506		4,593	5.720	4,825
Canadian Forces Superannuation Account Royal Canadian Mounted Police Superannuation	401	500		2,726	3,127	3,071
Account	105		21	478	604	518
Members of Parliament Retiring Allowances Account	. 2	158	2	3	165	7
Arrangements Account	3				3	
Supplementary Retirement Benefits Account	1			2	3	749
	1,133	664	23	7,802	9,622	9,170
Decrease in the allowance for the actuarial liability for employee pensions					1,350	1,900
Total					8,272	7,270

#### **Public Service Superannuation Account**

This account is operated under the Public Service Superannuation Act.

Amendments to the Public Service Superannuation Act which became effective as at April 1, 1991, required an actuarial liability adjustment of \$506 million.

TABLE 7.6
PUBLIC SERVICE SUPERANNUATION ACCOUNT

	1991-92	1990-91
	\$	\$
Opening balance	. 37,566,271,329	33,919,556,864
Transfer from the Supplementary Retirement Benefits Account (1)		
Revised opening balance		33,919,556,864
RECEIPTS AND OTHER CREDITS—		
Government employees		482,853,070 28,332,337
employees	. 153,576,338	127,140,167
Government Public Service corporations Transfers from other pension funds Interest Actuarial liability adjustment	. 151,564,678 . 15,602,473 . 4,593,450,098	478,501,926 124,565,026 15,231,662 3,744,681,355
, ,	6,631,341,416	5,001,305,543
	48,592,454,953	38,920,862,407
PAYMENTS AND OTHER CHARGES— Annuities Cash termination allowances Minimum benefits		1,233,910,558 386,639 13,196,036
Returns of contributions— Government employees		52,584,358
employees	. 29,689,752 22,346,620	32,593,486 21,920,001
F 310101 141100 1 1 1 1 1 1 1 1 1 1 1 1 1 1	2,278,226,371	1,354,591,078
Closing balance	. 46,314,228,582	37,566,271,329

<sup>(1)</sup> An Act to amend certain Acts in relation to pensions and to enact the Special Retirement Arrangements Act and the Pension Benefits Division Act authorized this transfer effective April 1, 1991.

# **Canadian Forces Superannuation Account**

This account is operated under the Canadian Forces Superannuation Act.

No actuarial liability adjustment was made in either 1990-91 or 1991-92 as a result of actuarial reviews.

TABLE 7.7
CANADIAN FORCES SUPERANNUATION ACCOUNT

	1991-92	1990-91
	\$	\$
Opening balance	23,859,990,505	21,656,256,999
Revised opening balance	25,067,152,000	21,656,256,999
RECEIPTS AND OTHER CREDITS— Contributions from personnel Contributions by the Government Interest Other	188,005,055 400,946,458 2,725,806,050 3,809,374 3,318,566,937 28,385,718,937	161,015,164 287,851,472 2,369,641,589 4,058,511 2,822,566,736 24,478,823,735
PAYMENTS AND OTHER CHARGES— Pensions and retiring allowance payments Cash termination allowances and returns of contributions Transfers to Public Service	1,113,037,251 26,444,132	586,339,471 30,812,006
Superannuation Account (Treasury Board) Other	1,551,527	1,698,888 -17,135
	1,141,032,910	618,833,230
Closing balance	27,244,686,027	23,859,990,505

<sup>(1)</sup> An Act to amend certain Acts in relation to pensions and to enact the Special Retirement Arrangements Act and the Pension Benefits Division Act authorized this transfer effective April 1, 1991.

# **Royal Canadian Mounted Police Superannuation Account**

This account is operated under the Royal Canadian Mounted Police Superannuation Act.

No actuarial liability adjustment was made in either 1990-91 or 1991-92 as a result of actuarial reviews.

TABLE 7.8
ROYAL CANADIAN MOUNTED POLICE
SUPERANNUATION ACCOUNT

	1991-92	1990-91
	\$	\$
Opening balance	4,018,387,922	3,556,253,747
Transfer from the Supplementary Retirement Benefits Account (1)	327,767,808	
Revised opening balance	4,346,155,730	3,556,253,747
RECEIPTS AND OTHER CREDITS— Contributions from personnel (current		
and arrears)	59,668,934	46,609,359
Tranfers from other pensions funds	580,035	411,959
Contributions by the Government Interest	105,447,126 477,534,058	92,659,045 393,039,887
inclest	643,230,153	532,720,250
	4,989,385,883	4,088,973,997
DAVIAGNITA AND OTHER GUARGES		
PAYMENTS AND OTHER CHARGES— Annuities and allowance payments	96,293,899	68,252,318
payments  Cash termination allowance payments, returns of contributions and	1,768,773	1,929,701
gratuities	15,804	27,830
Refunds of contributions	103,242	20,213 91,765
contributions	234,402	264,248
	98,416,120	70,586,075
Closing balance	4,890,969,763	4,018,387,922

<sup>(1)</sup> An Act to amend certain Acts in relation to pensions and to enact the Special Retirement Arrangements Act and the Pension Benefits Division Act authorized this transfer effective April 1, 1991.

# Members of Parliament Retiring Allowances Account

This account was established by the Members of Parliament Retiring Allowances Act, to provide pension benefits to eligible Members of Parliament who contributed to the plan. "Member" means a member of the Senate or the House of Commons. Benefits are also available to surviving spouse and dependent children of members who served on or after April 9, 1963 and contributed under the Act.

Amendments to the Members of Parliament Retiring Allowances Act which became effective as at January 1, 1992 required an actuarial liability adjustment of \$158 million. This amount which was recorded in prior years as an expenditure in the audited financial statements of the Government of Canada represents an accounting transfer to the Members of Parliament Retiring Allowances Account to reflect the liability for benefits accrued to December 31, 1991.

TABLE 7.9
MEMBERS OF PARLIAMENT RETIRING ALLOWANCES
ACCOUNT

	1991-92	1990-91
	\$	\$
Opening balance	31,361,092	30,217,345
RECEIPTS AND OTHER CREDITS—		
Transfer from the Supplementary Retirement Benefits Account Members' contributions—	9,941,788	
Current	1,932,606	2,157,118
Arrears of principal, interest and mortal- ity insurance	127,652	147,962
Current	2,220,659	2,175,58
Interest	3,440,449	3,059,384
Actuarial liability adjustment	158,000,000	
	175,663,154	7,540,045
	207,024,246	37,757,390
PAYMENTS AND OTHER CHARGES—		
Annual allowances Withdrawal allowances Interest on withdrawals	7,187,271 7,339	6,368,934 26,480 884
	7,194,610	6,396,298
Closing balance	199,829,636	31,361,092
(1)		

<sup>(1)</sup> An Act to amend certain Acts in relation to pensions and to enact the Special Retirement Arrangements Act and the Pension Benefits Division Act authorized this transfer effective January 1, 1992.

### Members of Parliament Retirement Compensation Arrangements Account

On September 29, 1992, an Act which amended several pension acts including the Members of Parliament Retiring Allowances Act received Royal Assent.

Pursuant to this legislation, an account was established as at January 1, 1992 to provide for benefits in respect of pension credits accrued by members of Parliament which are not payable out of the Members of Parliament Retiring Allowances Account. Benefits are also available to surviving spouse and dependent children of members.

TABLE 7.10
MEMBERS OF PARLIAMENT RETIREMENT
COMPENSATION ARRANGEMENTS ACCOUNT

	1991-92
	\$
RECEIPTS AND OTHER CREDITS— Members' contributions Government contributions	396,201 2,798,902
	3,195,103
PAYMENTS AND OTHER CHARGES— Benefits	10,050
Closing balance	3,185,053

### **Supplementary Retirement Benefits Account**

This account was established by the Supplementary Retirement Benefits Act, to provide for pension benefits increases resulting from changes in the Consumer Price Index.

As at April 1, 1991, the balances in the Supplementary Retirement Benefits Account for the Public Service, the Canadian Forces and the Royal Canadian Mounted Police were transferred to their respective superannuation account. The balance of the Supplementary Retirement Benefits Account for Members of

Parliament was transferred to the Members of Parliament Retiring Allowances Account as at January 1, 1992. The authority for these transfers was provided by an Act to amend certain Acts in relation to pensions which received Royal Assent on September 29, 1992.

The Account will continue to provide for the payments of increased pension benefits resulting from indexation for pensions of life senators, federally appointed judges, and recipients of pensions under various Continuation Acts and other Acts.

TABLE 7.11
SUPPLEMENTARY RETIREMENT BENEFITS ACCOUNT (in thousands of dollars)

	Public	c Service	Canadi	an Forces		Canadian ed Police	Parl	iament	Oti	ners <sup>(1)</sup>		Total
	1991-92	1990-91	1991-92	1990-91	1991-92	1990-91	1991-92	1990-91	1991-92	1990-91	1991-92	1990-91
Opening balance	4,394,843	3,825,090	1,207,161	1,031,386	331,654	284,511	9,029	8,152	19,793	16,034	5,962,480	5,165,173
Transfer to superannuation accounts (2)	4,394,843		1,207,161		327,768						5,929,772	
Revised opening balance		3,825,090		1,031,386	3,886	284,511	9,029	8,152	19,793	16,034	32,708	5,165,173
RECEIPTS AND OTHER CREDITS— Employee contributions— Public Service corporations Government Matching contributions—		25,858 96,425		32,316		8,978	232	277	1,062	940	1,294	25,858 138,936
Public Service corpora- tions Government Interest Transfers from other pension		26,052 96,303 437,870		32,153 136,992	340	8,979 32,833	217 644	272 817	1,062 1,865	941 1,906	1,279 2,849	26,052 138,648 610,418
funds		356		60		77						493
		682,864		201,521	340	50,867	1,093	1,366	3,989	3,787	5,422	940,405
		4,507,954		1,232,907	4,226	335,378	10,122	9,518	23,782	19,821	38,130	6,105,578
PAYMENTS AND OTHER CHARGES— Annuities Cash termination allowances Minimum benefits Returns of contributions—		93,540 44 830		20,478	17	3,295	100	478	41	28	158	117,819 44 830
Public Service corpora- tions Government Transfers to other pension funds Transfer to superannuation accounts <sup>(3)</sup>		6,274 9,857 2,566		5,036 232		414 15	9,942	11			16 9.942	6,274 15,318 2,813
uccounts		113,111		25.746	17	3,724	10.058	489	41	28	10,116	143.098

<sup>(1)</sup> Includes all Federally Appointed Judges, lieutenant governors and diplomatic services.

<sup>(2)</sup> An Act to amend certain Acts in relation to pensions and to enact the Special Retirement Arrangements Act and the Pension Benefits Division Act authorized this transfer effective April 1, 1991.

<sup>(3)</sup> An Act to amend certain Acts in relation to pensions and to enact the Special Retirement Arrangements Act and the Pension Benefits Division Act authorized this transfer effective January 1, 1992.

# Allowance for the Actuarial Liability for Employee Pensions

This account records the allowance for the actuarial present value of unfunded benefits in respect of benefits earned or in pay, as well as for the unfunded pension liability of the Federally Appointed Judges Pension Plan and the Members of Parliament Retiring Allowances as at March 31, 1992.

As a result of the annual actuarial valuation for accounting purposes, adjustments were required to the allowance to reflect:

— a reduction of \$664 million which recognizes the actuarial deficit adjustments made directly to the pension accounts which were previously included in the allowance, and

— a reduction of \$686 million (\$533 million in 1991) for the amortization of estimation adjustments due to changes in actuarial assumptions leaving \$8,218 million (\$6,100 million in 1991) to be amortized in future years.

The amortization period is based on the expected average remaining service life (EARSL) of the related employee group and are as follows:

Pension Plan	EARSL Years			
	Public Service	13	13	
Canadian Forces	12	13		
Royal Canadian Mounted Police	14	14		
Judges	13	12		
Members of Parliament	7	8		

#### **Government Annuities Account**

This account was established by the Government Annuities Act, and modified by the Government Annuities Improvement Act, which discontinued sales of annuities in 1975. The account is valued on an actuarial basis each year, with the deficit or surplus charged or credited to the Consolidated Revenue Fund.

The purpose of the Government Annuities Act was to assist Canadians to provide for their later years, by the purchase of Government annuities. The Government Annuities Improvement Act increased the rate of return and flexibility of Government annuity contracts.

Receipts and other credits consist of premiums received, funds reclaimed from the Consolidated Revenue Fund for previously untraceable annuitants, earned interest and items transferred from previous years' revenue to cover the actuarial deficit. Payments and other charges represent matured annuities, the commuted value of death benefits, premium refunds and withdrawals, and actuarial surpluses and unclaimed items transferred to non-tax revenue. The amounts of unclaimed annuities, related to untraceable annuitants, are transferred to non-tax revenue.

During the year, debts totalling \$3,868 related to overpayments were written off pursuant to Employment and Immigration Vote 6c, Appropriation Act No. 4, 1991-92.

# **Deposit and Trust Accounts**

Deposit and trust accounts is a group of liabilities representing the Government's financial obligations in its role as administrator of certain moneys that it has received or collected for specified purposes and that it will pay out accordingly. To the extent that the funds received are represented by securities, these are deducted from the corresponding accounts to show the Government's net liability.

Table 7.12 presents a summary of the balances and transactions in deposit and trust accounts.

TABLE 7.12
DEPOSIT AND TRUST ACCOUNTS

	April 1/1991	Receipts and other credits	Payments and other charges	March 31/1992
	\$	\$	\$	\$
Deposit accounts—				
Agriculture—				
Canadian Dairy Commission account	23,179,413	672,442,625	675,308,667	20,313,371
Guarantee deposits—Canada Agricultural Products				
Standards Act	128	800		928
	23,179,541	672,443,425	675,308,667	20,314,299
Communications—				
Canadian Museum of Civilization—				
Deposit account <sup>(1)</sup>	1,492,475	705,027	342,858	1,854,644
Canadian Museum of Nature—				
Deposit account <sup>(1)</sup>	722,895	712,891	154,142	1,281,644
National Gallery of Canada-				
Deposit account(1)	2,906,590	415,586	377,696	2,944,480
Deposit account <sup>(1)</sup> Less: securities held in trust <sup>(1)</sup>	1.000			1,000
	2,905,590	415.586	377,696	2,943,480
Purchase of works of art for the collections		5,847,741	5,430,738	417,003
National Museum of Science and Technology-				
Deposit account(1)	350,556	288,984	18,680	620,860
Deposit account <sup>(1)</sup> Less: securities held in trust <sup>(1)</sup>	1,000			1,000
	349,556	288.984	18.680	619,860
	5,470,516	7,970,229	6,324,114	7.116.631

TABLE 7.12

DEPOSIT AND TRUST ACCOUNTS—Continued

April 1/1991	Receipts and other credits	Payments and other charges	March 31/1992
\$	\$	\$	\$
50,000		38 224	11,776
	E 166 CAA		
	5,166,644	3,300,133	10,149,786
			50,000
			10,099,786
8,549,295	5,166,644	3,604,377	10,111,562
17,839,135	36,049,470	20,291,328	33,597,27
9.890.344	20.062.877	28.962.042	18,789,50
			14,807,76
7,510,72	50,112,517	17 1=00 10 7 0	2 1,007 ,7 0
200.000	616 522	621 977	274,64
209,909	010,332	051,077	2/4,04
5,500,000	25,000,000	15,000,000	15,500,00
13.000.000			13,000.00
	25,000,000	15,000,000	28,500,00
10,500,000	25,000,000	15,000,000	20,000,00
1.000.010		200 000	
			1,081,54
4,519,494	1,452,517	1,102,832	4,869,17
4,058,754	637,762	1,035,733	4,456,72
460.740	2.090.279	2.138.565	412,45
			15,652,41
			15,425,77
			226,64
545,936	38,845		578,78
19,959		19,959	
2.397.175	18,151,725	18,249,480	2,299,42
_45 422 175	1 904 580 880	1 913 872 185	-54,713,48
75,722,175	1,70 1,500,000	1,713,072,103	54,715,40
100.045	21.100	10.010	222.52
199,947	34,498	10,919	223,52
5,999,157	3,377,790	2,094,486	7,282,46
5.336.800		984.500	4,299,30
			2.983.16
	3,399,790		902,67
	1 252	1,232	
903,930			902,67
662,357	5,401,042	3,080,238	2.983.16
16.989	133.992		150,98
,	,		
			12,322,15
9,533,565	2,143,000	4,931,587	12,322,15
	7,195,587	7,195,587	
19,540,910	14,026,956	15.704.297	17,863,56
			1,830,99
			1,830,99
3,211,318			1,030,99
10			
19,540,910	23,265,806	24,943,147	17,863,56
41 222 225	2.710.077.100	2 710 270 274	40.022.00
41,333,335	2,718,877,120	2,710,278,374	49,932,081
41,333,335 5,487,505	2,718,877,120	2,710,278,374 1,780,106	49,932,08 7,267,61
	50,000 8,549,295 50,000 8,749,295 8,549,295 17,839,135 9,890,344 7,948,791 289,989  5,500,000 13,000,000 18,500,000 1,370,540 4,519,494 4,058,754 460,740  545,936 19,959 2,397,175 -45,422,175 199,947 5,999,157 5,336,800 662,357 903,930 903,930 662,357 16,989	April 1/1991         other credits           \$         \$           \$0,000         8,549,295         5,166,644           \$0,000         8,499,295         5,166,644           \$0,000         8,499,295         5,166,644           \$17,839,135         36,049,470         9,890,344         20,062,877           \$7,948,791         56,112,347         289,989         616,532           \$5,500,000         25,000,000         25,000,000           \$13,000,000         25,000,000         25,000,000           \$13,000,000         25,000,000         25,000,000           \$14,519,494         1,452,517         40,740         2,090,279           \$15,837,509         185,092         16,022,601           \$45,936         38,845         19,959         2,397,175         18,151,725           \$45,422,175         1,904,580,880         199,947         34,498           \$5,999,157         3,377,790         5,336,800         2,022,000           \$62,357         5,399,790         903,930         1,252           \$62,357         5,401,042         16,989         133,992           \$9,533,565         5,052,587         9,533,565         2,143,000           \$7,195,587         19,	April 1/1991         other credits         other charges           \$         \$         \$           50,000         38,224           8,549,295         5,166,644         3,566,153           50,000         8,499,295         5,166,644         3,566,153           8,549,295         5,166,644         3,604,377           17,839,135         36,049,470         20,291,328           9,890,344         20,062,877         28,962,042           7,948,791         56,112,347         49,253,370           289,989         616,532         631,877           5,500,000         25,000,000         15,000,000           13,70,540         289,000         25,000,000           4,519,494         1,452,517         1,102,832           4,058,754         637,762         1,035,733           460,740         2,090,279         2,138,565           185,092         15,610,864           16,022,601         15,795,956           545,936         38,845         6,000           19,959         2,397,175         18,151,725         18,249,480           -45,422,175         1,904,580,880         1,913,872,185           199,947         34,498         10,919

TABLE 7.12

DEPOSIT AND TRUST ACCOUNTS—Concluded

	April 1/1991	Receipts and other credits	Payments and other charges	March 31/1992
_	\$	\$	\$	\$
Trust accounts—				
Finance—				
Halifax 1917 explosion pension account	700,560	49,133	119.642	630,051
Less: securities held in trust	100,000			100,000
	600,560	49.133	119.642	530,051
Indian Affairs and Northern Development				
Indian band funds—				
Capital accounts, Table 7.13	756,503,519	50,650,666	53,824,762	753,329,423
Revenue accounts, Table 7.14	103,103,939	104,651,131	111.851.480	95,903,590
Account accounts, and a first the fi	859,607,458	155,301,797	165,676,242	849.233.013
Indian estate accounts	19,407,236	7,049,074	7,463,407	18,992,903
Less: securities held in trust	1.813	7,049,074	7,403,407	1.813
Less, securities neid in trust	19,405,423	7.049.074	7.463.407	18.991.090
T. P.		. , ,		
Indian savings accounts	162,100,989	17,543,091	15,106,254	164,537,826
	1,041,113,870	179,893,962	188,245,903	1,032,761,929
National Defence—				
Estates—Armed services	782,546	1,801,534	2,323,622	260,458
Canadian Security Intelligence Service—				
Meritorious graduate awards	16,875	1,277		18,152
Scholastic awards	19,008	1,409	2,000	18,417
Correctional Service—				
Inmates' trust fund	5,381,127	23,234,480	22,832,358	5,783,249
Royal Canadian Mounted Police—				
Benefit fund	2,493,668	226,836	222,500	2,498,004
	7,910,678	23,464,002	23.056.858	8,317,822
Transport—			,,	
Canadian National (West Indies) Steamships Ltd <sup>(1)</sup>	95,000		95,000	
Veterans Affairs—	75,000		32,000	
Administered trust accounts	26,288,586	7.604.597	17,803,545	16,089,638
Estates fund	688,946	1,898,652	1.677.263	910,335
	40	1,696,032	1,077,203	20
Less: securities held in trust	688.906	1.898.672	1 677 363	910.315
V	000,900	1,090,072	1,677,263	910,313
Veterans administration and welfare trust	1 0 40 525	1 102 002	1.041.706	1 100 110
fund	1,048,727	1,183,092	1,041,706	1,190,113
Less: securities held in trust	53,930	51,930		2,000
	994,797	1,235,022	1,041,706	1,188,113
	27,972,289	10,738,291	20,522,514	18,188,066
Total	1,078,474,943	215,946,922	234,363,539	1,060,058,326
Less: consolidation adjustment <sup>(1)</sup>	95,000	95,000	254,505,557	1,000,050,520
Less, consolidation adjustment	95,000	93,000		
Total trust accounts	1,078,379,943	216,041,922	234,363,539	1,060,058,326
Total deposit and trust accounts	1,114,225,773	2,934,919,042	2.946,422,019	1,102,722,796

<sup>(1)</sup> Certain Crown corporations are part of the Government's reporting entity. Additional information is provided in Section 5 of this volume and in the audited financial statements (Section 2 of this volume).

### **Canadian Dairy Commission account**

The Canadian Dairy Commission is a Crown corporation listed in Part I of Schedule III of the Financial Administration Act, and uses the Consolidated Revenue Fund for banking purposes. This account was established by Section 15 of the Canadian Dairy Commission Act, to record the Government's liability to the Commission.

# Guarantee deposits—Canada Agricultural Products Standards Act

This account was established to record bonds deposited as guarantees required by the Canada Agricultural Products Standards Act and the Licensing and Arbitration Regulations.

### Deposit account—Canadian Museum of Civilization

This account was established pursuant to Section 21 of the Financial Administration Act, to record moneys received by the Canadian Museum of Civilization by way of gift, bequest or otherwise, interest on securities, rent or sales of any real property acquired by the Corporation by way of gift, bequest or otherwise, in accordance with Section 9(1)(1) of the Museums Act. The account is charged with amounts to be expended for the purpose for which such money or property were given, bequeathed or otherwise made available to the Corporation.

# Deposit account—Canadian Museum of Nature

This account was established pursuant to Section 21 of the Financial Administration Act, to record moneys received by the Canadian Museum of Nature by way of gift, bequest or otherwise, interest on securities, rent or sales of any real property acquired by the Corporation by way of gift, bequest or otherwise, in accordance with Section 12(s) of the Museums Act. The account is charged with amounts to be expended for the purpose for which such money or property were given, bequeathed or otherwise made available to the Corporation.

During the year, interest was credited to the account and charged to interest on public debt.

# Deposit account-National Gallery of Canada

This account was established pursuant to Section 21 of the Financial Administration Act, to record moneys received by the National Gallery of Canada by way of gift, bequest or otherwise, interest on securities, rent or sales of any real property acquired by the Corporation by way of gift, bequest or otherwise, in accordance with Section 6(1)(1) of the Museums Act. The account is charged with amounts to be expended for the purpose for which such money or property were given, bequeathed or otherwise made available to the Corporation. Securities in connection with this account amount to \$1,000 consisting of a Government of Canada marketable bond bequeathed by the late Hugh de T Glazebrook.

During the year, interest was credited to the account and charged to interest on public debt.

#### Purchase of works of art for the collections

This account was established pursuant to Section 21 of the Financial Administration Act to record funds for the purchase of works of art for the collections. These funds provide the means to acquire, when opportunities arise, historically important, unique and high quality works that strenghthen the collections.

# Deposit account—National Museum of Science and Technology

This account was established pursuant to Section 21 of the Financial Administration Act, to record moneys received by the National Museum of Science and Technology by way of gift, bequest or otherwise, interest on securities, rent or sales of any real property acquired by the Corporation by way of gift, bequest or otherwise, in accordance with Section 15(1)(m) of the Museums Act. The account is charged with amounts to be expended for the purpose for which such money or property were given, bequeathed or otherwise made available to the Corporation. Securities in connection with this account amount to \$1,000 consisting of a Government of Canada marketable bond given by the late J. Dalzell McKee.

During the year, interest was credited to the account and charged to interest on public debt.

### General security deposits

This account was established pursuant to Section 21 of the Financial Administration Act, to receive general security deposits from transportation companies in accordance with section 92(1) of the Immigration Act.

### Immigration guarantee fund

This account was established by Sections 18, 23, 92 and 103 of the Immigration Act, to record amounts collected and held pending final disposition, either by refund to the original depositor, or forfeiture to the Crown.

# Guarantee deposits—Oil and gas—Energy, Mines and Resources

This account was established pursuant to Section 21 of the Financial Administration Act, to record securities in the form of cash, promissory notes, letters of credit and letters of guarantee which are required to be issued to, and held by the Government of Canada pursuant to a signed Exploration Agreement in accordance with Section 74 of the Canada Petroleum Resources Act. These securities are a performance guarantee that the agreed exploration will be performed in the manner and time frame specified. Interest is not paid on these deposits.

#### Fairs and missions

This account was established pursuant to Section 21 of the Financial Administration Act, to record deposits which may be refunded, in part or in total, in accordance with contractual agreements concerning the participation of Canadian sector enterprises at international trade fairs.

# Canadair Limited—Canada Development Investment Corporation

This account was established pursuant to Section 129(1) of the Financial Administration Act. This special purpose money is to be used to meet costs incurred on the sale of Canadair and demand for payment by Bombardier pursuant to the acquisition agreement and costs incurred by the Canada Development Investment Corporation in connection with the sale of the shares of Canadair.

### Crown corporations' surplus moneys

These accounts were established pursuant to Section 129(1) of the Financial Administration Act, to record moneys received from Crown corporations as directed by the Minister of Finance with the concurrence of the appropriate Minister. Interest can be paid in accordance with and at rates fixed by the Minister of Finance with the approval of the Governor in Council.

### Field British Columbia and Yukon Operations of the Northern Canada Power Commission

This account was established pursuant to Section 21 of the Financial Administration Act, to record amounts deposited by the Northern Canada Power Commission to reimburse liabilities pertaining to Field British Columbia and Yukon Operations of the Northern Canada Power Commission.

# Guarantee deposits—Indian Affairs and Northern Development

This account was established pursuant to Section 21 of the Financial Administration Act, to record cash and securities deposited as guarantees for oil, mineral and timber rights and licences, pursuant to Section 8 of the Arctic Waters Pollution Prevention Act, Section 13(3) of the Northern Inland Waters Act and various regulations under the Territorial Lands Act. Interest is not allowed on cash deposits.

# Guarantee deposits—Oil and gas—Indian Affairs and Northern Development

This account was established pursuant to Section 21 of the Financial Administration Act, to record securities in the form of cash, promissory notes, letters of credit and letters of guarantee which are required to be issued to, and held by the Government of Canada pursuant to a signed Exploration Agreement in accordance with Section 74 of the Canada Petroleum Resources Act. These securities are a performance guarantee that the agreed exploration will be performed in the manner and time frame specified. Interest is not paid on these deposits.

### Guarantee deposits—Reserve resources

This account was established pursuant to Section 21 of the Financial Administration Act, to record cash and bond security deposits with respect to Indian reserve licences and contracts for the development of resources, in accordance with the various regulations made under Section 57 of the Indian Act.

# Indian contributions to the subsidy housing program

This account was established pursuant to Section 21 of the Financial Administration Act, to record amounts deposited by Indians, to ensure compliance with terms and conditions of the subsidy housing program.

During the year, this account was closed.

#### Canada Post Corporation account

The Canada Post Corporation is a Crown corporation listed in Part II of Schedule III of the Financial Administration Act.

This account records the Government's liability to the Corporation. The debit balance as at March 31, 1992 is caused by the employee/employer deductions associated with the last pay of March 1992 of the Canada Post Corporation. These deductions are transferred out in early April and accordingly, funds to cover these deductions are received from Canada Post Corporation and credited to the account at this time.

During the year, interest was credited to the account and charged to interest on public debt.

### Security for costs

This account was established pursuant to Section 21 of the Financial Administration Act, to record security to the value of \$500 deposited by the Appellant with the Registrar of the Supreme Court of Canada in accordance with Section 60(1)(b) of the Supreme Court Act. As per Section 66 of the Rules of the Supreme Court of Canada, interest is paid on money deposited as security.

### Guarantee deposits—Customs and Excise

This account was established pursuant to Section 21 of the Financial Administration Act, to record cash and securities required to guarantee payment of customs duties and excise taxes on imported goods, and of sales and excise taxes payable by licensees pursuant to the Customs Act and the Excise Tax Act.

### Temporary deposits received from importers

This account was established pursuant to Section 21 of the Financial Administration Act, to record temporary security deposits received from importers to ensure compliance with various departmental (Customs and Excise) regulations regarding temporary entry of goods.

### Harbourfront capital account

This account was established pursuant to Section 21 of the Financial Administration Act, to record funds received from and held for Harbourfront Corporation regarding moneys derived from the capitalized leasing, sale or resale of lands or development rights.

During the year, interest was credited to the account and charged to interest on public debt.

#### Contractors' security deposits

This account was established pursuant to Section 21 of the Financial Administration Act, to record contractors' securities that are required for the satisfactory performance of work in accordance with the Government Contracts Regulations.

During the year, interest was credited to the account and charged to interest on public debt.

### Halifax 1917 explosion pension account

This account was established by Section 5(1) of the Halifax Relief Commission Pension Continuation Act, to provide for the continuation of pensions, grants and allowances following the dissolution of the Halifax Relief Commission.

#### Indian band funds

This account was established pursuant to Section 21 of the Financial Administration Act, to record moneys belonging to Indian bands throughout Canada pursuant to Sections 61 to 69 of the Indian Act.

During the year, interest was credited to the account and charged to interest on public debt.

TABLE 7.13

INDIAN BAND FUNDS—CAPITAL ACCOUNTS

	1991-92	1990-91
-	\$	\$
Opening balance	756,503,519	751,732,598
RECEIPTS AND OTHER CREDITS—		
Oil royalties	12,620,153	21,472,158
Gas royalties	30,982,796	36,056,278
British Columbia agreement	238,407	269,822
settlements	1,434,189	2,134,295
Sundries	5,375,121	4,414,222
	50,650,666	64,346,775
	807,154,185	816,079,373
PAYMENTS AND OTHER CHARGES— Per capita cash distribu-		
tion	6,142,506	11,085,431
Indian Act	46,255,894	47,731,456
Sundries	1,426,362	758,967
	53,824,762	59,575,854
Closing balance	753,329,423	756,503,519

**TABLE 7.14** 

#### INDIAN BAND FUNDS-REVENUE ACCOUNTS

	1991-92	1990-91
	\$	\$
Opening balance	103,103,939	103,628,266
RECEIPTS AND OTHER CREDITS— Government interest Land and other claim	79,234,909	87,108,132
settlements	12,624,500 12,791,722	2,769,579 15,557,101
	104,651,131	105,434,812
	207,755,070	209,063,078
PAYMENTS AND OTHER CHARGES— Per capita cash distribu-		
tion	11,234,888	6,648,467
Indian Act	96,557,446	93,516,984
Sundries	4,059,146	5,793,688
	111,851,480	105,959,139
Closing balance	95,903,590	103,103,939

#### Indian estate accounts

These accounts were established pursuant to Section 21 of the Financial Administration Act, to record the estates of deceased Indians, minor Indian children who have guardians, or mentally incompetent Indians pursuant to Sections 42 to 51 of the Indian Act.

During the year, interest was credited to the accounts and charged to interest on public debt.

In 1991-92, debts totalling \$2,083 related to overpayments were written off pursuant to Indian Affairs and Northern Development Vote 8c, Appropriation Act No. 4, 1991-92.

### Indian savings accounts

These accounts were established pursuant to Section 21 of the Financial Administration Act, to record the savings accounts maintained for individual Indians pursuant to Section 52 of the Indian Act.

During the year, interest was credited to the accounts and charged to interest on public debt.

In 1991-92, debts totalling \$6,770 related to overpayments were written off pursuant to Indian Affairs and Northern Development Vote 8c, Appropriation Act No. 4, 1991-92.

#### Estates—Armed services

This account was established pursuant to Section 21 of the Financial Administration Act, to record the service estates of deceased members of the Canadian Forces pursuant to Section 42 of the National Defence Act. Net assets of estates are distributed to legal heirs under the administration of the Judge Advocate General, in his capacity as Director of Estates.

### Meritorious graduate awards

This account was established pursuant to Section 21 of the Financial Administration Act, to record a donation of \$11,000 to be used for the presentation of meritorious awards to graduating employees.

During the year, interest was credited to the account and charged to interest on public debt.

#### Scholastic awards

This account was established pursuant to Section 21 of the Financial Administration Act, to record a donation of \$15,000 to be used for the presentation of scholarship awards to children of employees of the Canadian Security Intelligence Service to encourage university studies.

#### Inmates' trust fund

Pursuant to Section 32 of the Penitentiary Regulations, this account is credited with moneys received from inmates at the time of incarceration, net earnings of inmates from employment inside institutions, moneys received for inmates while in custody, moneys received from sales of hobbycraft, money earned through work while on day parole, and interest. Payments to assist in the reformation and rehabilitation of inmates are charged to this account.

During the year, interest was credited to the account and charged to interest on public debt.

#### Benefit fund

This account was established by Section 23 of the Royal Canadian Mounted Police Act, to record moneys received by personnel of the Royal Canadian Mounted Police, in connection with the performance of duties, over and above their pay and allowances.

During the year, interest was credited to the account and charged to interest on public debt.

#### Canadian National (West Indies) Steamships Ltd

This account was established pursuant to Section 129(1) of the Financial Administration Act, to record a deposit by the Canadian National (West Indies) Steamships Ltd, covering a transfer of funds to be held pending the wind-up of the Corporation.

During 1985-86, the Corporation was authorized to be dissolved pursuant to the Crown Corporations Dissolution Authorization Act.

During the year, the deposit was received and the account was closed.

#### Administered trust accounts

Pursuant to Section 41 of the Pension Act and Section 15 of the War Veterans Allowance Act, these accounts are under the jurisdiction of the Canadian Pension Commission and the Department. Moneys held in these accounts include: (a) pensions placed under the administration of the Canadian Pension Commission; (b) war veterans and civilian war allowances and assistance fund payments placed under the administration of the Department of Veterans Affairs; and, (c) benefits from other sources such as Old Age Security, Guaranteed Income Supplement or Canada Pension Plan, placed under administration with the consent of the client. These persons have demonstrated the inability to manage their own affairs.

Payments are made out of the accounts, to provide food, shelter, clothing, comforts and other necessities.

During the year, interest was credited to the accounts and charged to interest on public debt.

#### Estates fund

This account was established pursuant to Section 21 of the Financial Administration Act, to record the proceeds from the estates of those veterans who died while receiving hospital treatment or institutional care, and for those veterans whose funds had been administered by the Government, in accordance with Sections 5, 6 and 7 of the Veterans' Estates Regulations. Individual accounts are maintained and payments are made to beneficiaries pursuant to the Payments to Estates Regulations.

During the year, interest was credited to the account and charged to interest on public debt.

#### Veterans administration and welfare trust fund

This account was established pursuant to Section 21 of the Financial Administration Act, to record the following moneys: (a) donations, legacies, gifts, bequests, etc, received, to be disbursed for the benefit of veterans or their dependents under certain conditions, and for the benefit of patients in institutions, in accordance with Section 9 of the Guardianship of Veterans' Property Regulations; and, (b) donations, legacies, gifts, bequests, etc, received by the Canadian Pension Commission, to be disbursed for the use of pensioners or dependents in distressed circumstances.

# Provincial Tax Collection Agreements Account

This account records income taxes collected by the Government of Canada on behalf of provinces and territories participating in the joint-collection provision of the Federal-Provincial Fiscal Arrangements Act, and related payments made to them.

Under the Federal-Provincial Fiscal Arrangements Act, the Government of Canada is empowered to enter into agreements with provincial and territorial governments, to collect income taxes on their behalf, and to make payments to them with respect to such taxes.

The Government of Canada entered into agreements with provinces and territories (Quebec excepted), to collect individual income tax, and, with provinces and territories (Ontario and

Quebec excepted), to collect corporation income tax, and, to pay in equal monthly instalments to such provinces and territories, the estimated revenue to be produced by the respective provincial and territorial taxes.

At the beginning of each year, the Minister of Finance estimates the amount of the payments, for the taxation year ending in that year, to provinces and territories that have entered into agreements. These estimates are adjusted to actual amounts at a later date. Adjustments are to be made not later than March 31 of the year following that in which the taxation year ends.

Table 7.15 presents a summary of the balances and transactions in the provincial tax collection agreements account.

TABLE 7.15
PROVINCIAL TAX COLLECTION AGREEMENTS ACCOUNT

	April 1/1991	Receipts and other credits	Payments and other charges	March 31/1992
	\$	\$	\$	\$
Corporation income taxes collected by National				
Revenue-				
Taxation	17,897,133,730	1,201,891,880	16,544,986,026	2,554,039,584
Less: payments to provinces and territories—				
Newfoundland	811,865,105	750,877,105	49,105,526	110,093,52
Prince Edward Island	149,480,803	135,384,803	16,214,424	30,310,42
Nova Scotia	1,343,326,439	1,228,169,439	49,829,725	164,986,72
New Brunswick	1,108,410,006	1,009,695,005	91,613,524	190,328,52
Manitoba	2,295,673,410	2,128,024,410	118,396,997	286,045,99
Saskatchewan	1,876,637,765	1,763,347,765	75,397,229	188,687,22
Alberta	2,520,988,180	2,522,224,871		-1,236,69
British Columbia	7,292,288,511	6,745,457,511	574,563,072	1,121,394,07
Yukon Territory	36,521,002	24,614,002	7,019,767	18,926,76
Northwest Territories	121,962,805	118,543,806	45,021,011	48,440,01
Total payments	17,557,154,026	16,426,338,717	1,027,161,275	2,157,976,58
Collections of corporation income tax on hand	339,979,704	17,628,230,597	17,572,147,301	396,063,00
Personal income taxes collected by National Revenue—				
Taxation	210,454,663,778	27,000,604,588	182,290,130,807	55,165,137,55
Less: payments to provinces and territories—				
Newfoundland	4,142,262,830	3,634,390,830	468,779,245	976,651,24
Prince Edward Island	859,320,828	741,024,828	107,449,328	225,745,32
Nova Scotia	7,988,173,081	6,940,838,081	950,725,555	1,998,060,55
New Brunswick	5,928,428,576	5,170,929,576	680,119,834	1,437,618,83
Ontario	113,707,031,281	96,943,916,281	14,078,688,344	30,841,803,34
Manitoba	9,587,989,559	8,415,516,559	1,283,547,527	2,456,020,52
Saskatchewan	9,679,442,612	8,552,230,612	1,050,493,693	2,177,705,69
Alberta	24,086,545,804	20,965,892,804	3,091,313,060	6,211,966,06
British Columbia	33,563,863,073	29,171,015,073	4,312,059,890	8,704,907,89
Yukon Territory	212,921,700	182,552,700	28,693,582	59,062,58
Northwest Territories	453,554,467	387,923,467	62,369,193	128,000,19
Total payments	210,209,533,811	181,106,230,811	26,114,239,251	55,217,542,25
Collections of personal income tax on hand	245,129,967	208,106,835,399	208,404,370,058	-52,404,69
Fotal	585,109,671	225,735,065,996	225,976,517,359	343,658.30

# **Other Specified Purpose Accounts**

There are a number of other specified purpose accounts operated by the Government, such as insurance, death benefit and pension accounts.

Table 7.16 presents a summary of the balances and transactions for all other specified purpose accounts.

TABLE 7.16
OTHER SPECIFIED PURPOSE ACCOUNTS

	April 1/1991	Receipts and other credits	Payments and other charges	March 31/1992
	\$	\$	\$	\$
nsurance and death benefit accounts—				
Finance—				
Office of the Superintendent of Financial Institutions-				
Civil service insurance fund	11,124,511	493,020	700,697	10,916,834
National Defence—				
Regular forces death benefit account, Table 7.17	122,528,870	25,453,848	10,161,661	137,821,057
Treasury Board—	122,320,070	23,433,040	10,101,001	137,021,037
Public Service death benefit account,				
Table 7.18	718,272,176	150,202,803	37,832,982	830,641,997
Veterans Affairs—				
Returned soldiers' insurance fund	547,554	11,968	76,618	482,904
Veterans insurance fund	19,446,969	601,764	1,379,884	18,668,849
	19,994,523	613,732	1,456,502	19,151,753
otal insurance and death benefit accounts	871,920,080	176,763,403	50,151,842	998,531,641
ension accounts—				
Employment and Immigration—				
Annuities agents' pension account	12,869	9,124	14,053	7,940
Parliament—				
Members of Parliament retiring allowances account				
Solicitor General—				
Royal Canadian Mounted Police—	20,242,335	1,628,620	937,640	20,933,315
Dependants' pension fund	20,242,333	1,020,020	937,040	20,933,31.
Locally-engaged contributory pension				
account	28.027	122,558	150,585	
Retirement fund	5,303	122,000	150,505	5,303
	33,330	122,558	150,585	5,303
otal pension accounts	20,288,534	1,760,302	1,102,278	20,946,558
Other accounts—				
Agriculture—				
Agriculture development workshops Canada/British Columbia Agri-Food development	35,481	578,157	440,230	173,408
projects		176,506	128,048	48,458
Canada/Manitoba Agri-Food development		170,500	120,010	10,130
projects	12,742	18,000	26,408	4,334
Canada/Manitoba partnership				
agreement on municipal water				
infrastructure for rural economic				
diversification		2,096,058	1,860,488	235,570
Canada/Saskatchewan agricultural community water	10,538	21,126	25.141	6,523
infrastructure  Net Income Stabilization Account	10,330	409,102,789	272,279,799	136,822,990
Shared-cost agreements—		407,102,707	212,217,177	150,022,550
Research	1,060,295	4,394,164	3,776,091	1,678,368
	1,119,056	416,386,800	278,536,205	138,969,651
Communications—				
Shared-cost agreements—Conferences		179.214	174,423	4,791
and training			400.00	
and training Shared-cost/joint project agreements		338,567	138,035	200,532
and training Shared-cost/joint project agreements Canadian Film Development			138,035	200,532
and training Shared-cost/joint project agreements	7.841,668		138,035 27,440,693	200,532 7,582,520

TABLE 7.16
OTHER SPECIFIED PURPOSE ACCOUNTS—Continued

	April 1/1991	Receipts and other credits	Payments and other charges	March 31/1992
-	\$	\$	\$	\$
Consumer and Corporate Affairs— Income from Patent Cooperation				
Treaty	907	1,697,241	1,654,545	43,603
Income from securities in trust—Bankruptcy Act	79,585	2,814		82,399
Securities in trust—Bankruptcy Act	31,266			31,266
Less: securities held in trust	31,266			31,266
Unclaimed dividends and undistributed assets—				
Bankruptcy Act	2,734,612	1,497,451	2,647,621	1,584,442
Canada Business Corporations Act	197,014	426,469	395,253	228,23
Winding-up Act	692,157		3,622	688,53
	3,704,275	3,623,975	4,701,041	2,627,20
Employment and Immigration—				
Canada-Quebec Accord relating to immigration and		21,079,665	20,669,939	409,72
temporary admission of aliens	21 074		19,363	20.97
Canadian jobs strategy program  Summer employment—Experience development program	21,874	18,461 250,000	242,681	7,31
Summer employment—Experience development program	21.874	21.348.126	20.931.983	438.01
Energy, Mines and Resources—	21,077	21,540,120	20,931,903	750,01
Atomic Energy of Canada Limited regional seismic				
monitoring station		127,076	99,818	27,25
Continental geoscience division—Ontario Hydro	49,925	157,368	122,073	85,22
International Energy Agency-Implementing agreement	57,102	224,347	113,257	168,19
Market development incentive payments—Alberta	25,427,368		1,993,052	23,434,31
Meanook Observatory	309	4,089	3,854	54
NYSERDA—Diesel technology Research and				
Development	79,244		254	78,99
Ocean Drilling Program—Australia Ontario Hydro—Multi-detector electro-optical		1,053,068	1,052,518	55
imaging sensor	55,000		51,982	3,01
Shared-cost agreementsResearch	11,691	400,000	352,499	59,19
Shared-cost projects	15,908	806,066	658,579	163,39
F	25,696,547	2,772,014	4,447,886	24,020,67
Environment—  Forks sculpture contest account	34,018		27,750	6,26
Mackenzie King trust account	270.275	7.263	7.263	270.27
Miscellaneous projects deposits	3,061,763	6,451,205	6,221,746	3,291,22
Public participation funding	3,001,703	0,731,203	0,221,740	3,271,22
program		17.411		17,41
F1-6	3,366,056	6,475,879	6,256,759	3,585,17
External Affairs—				
Canada Foundation account	257,880	60,136	34,759	283,25
Less: securities held in trust	248,628	146,488	177,574	279,71
deposits in a special bank account	9,252	199,792	194,083	3,54
		406,416	406,416	
Cost recoverable technical assistance				
program	61,202	5,824	23,501	43,52
Paris air show	453,050	161,682	614,732	
Canadian International Development Agency—	74,025			74.02
Guarantee deposits	588,277	573,922	1,044,649	117,55
Finance—	300,4//	373,722	1,044,049	117,33
Common school funds—Ontario and Quebec	2,677,771			2,677,77
Foreign claims fund	176,141	13,149	6,331	182.95
War claims fund—World	170,141	15,147	0,001	102,75
War II	4.151	29		4.18
	2,858,063	13,178	6,331	2,864,91
Fisheries and Oceans—				
Miscellaneous projects deposits	1,057,425	1,432,906	1,635,378	854.95
Miscellaneous projects deposits	1,057,425	1,432,906	1,635,378	854,95

TABLE 7.16
OTHER SPECIFIED PURPOSE ACCOUNTS—Continued

	April 1/1991	Receipts and other credits	Payments and other charges	March 31/1992
	\$	\$	\$	\$
Indian Affairs and Northern Development-				
Fines—Indian Act Indian agencies revenue trust bank	331,556	53,400	4,807	380,149
accounts  Less: deposits in special bank accounts	-57,241 -57,241	3,883,199 3,592,678	3,592,678 3,883,199	233,280 233,280
Indian band funds—		7,475,877	7,475,877	
Shares and certificates	20,000			20,000
Less: securities held in trust	20,000			20,000
Indian compensation funds	182,160			182,160
Indian moneys suspense account	11,296,307	12,062,189	13,850,709	9,507,787
Indian special accounts	1,183,128	279,356	119,951	1,342,533
1924 Ontario lands agreement	7,531,909	342,996	01.451.344	7,874,905
industry, Science and Technology—	20,525,060	20,213,818	21,451,344	19,287,534
Miscellaneous shared-cost agreements	160,518	114,628	215,648	59,498
Canadian Space Agency—				
Federal/provincial agreements	75,000	184,761	204,946	54,815
Radarsat	5,481,310		5,000,000	481,310
Investment Canada— Oceans industries investment prospecting and strategic				
marketing		32,000	24,615	7,385
National Research Council of Canada— Special fund	9,699,288	23,509,802	19.248.877	13,960,213
Trust fund	2,798,199	4,587,420	1,694,587	5,691,032
Natural Sciences and Engineering Research Council—	2,170,177	4,507,420	1,074,507	5,051,052
Trust fund	269,235	655,908	523,740	401,403
Advance payments	3,014,588	25,006,339	23,415,934	4,604,993
	21,498,138	54,090,858	50,328,347	25,260,649
ustice— Child support—Shared-cost project	54,427	123	25,585	28,965
Federal Court special account	10,227,907	9,592,471	12,023,498	7,796,880
.abour	10,282,334	9,592,594	12,049,083	7,825,845
Fair wages suspense account	552	1,103	703	952
Labour standards suspense account	443,887	94,225	87.904	450,208
	444,439	95,328	88,607	451,160
National Defence—				
Foreign governments—				
United Kingdom— British Army—Suffield, Alberta	-3,853,698	85,218,732	47,430,762	33,934,272
Other activities	-198,841	25,808,776	21,065,636	4,544,299
United States of America Federal Republic of Germany—	-180,139	12,039,116	6,870,714	4,988,263
German Army—Shilo, Manitoba	2,651,864	20,208,400	19,511,379	3,348,885
Other activities	7,469,347	29,767,877	33,077,270	4,159,954
Netherlands	4,680,618	20,377,713	18,898,028	6,160,303
Infrastructure projects	-3,277,007	22,924,795	18,852,506	795,282
Non-government agencies	1,603,461 8,895,605	815,390 217,160,799	1,023,004 166,729,299	1,395,847 59,327,105
lational Health and Welfare— Canadian Sports Pool Corporation—Other outstanding	0,023,003	217,100,777	100,727,277	0,02,100
liabilities	50,000			50,000
Housing an Aging Population		20,000		20,000
Miscellaneous federal/provincial projects	299,933	746,563	859,311	187,185
Safety evaluation of chemicals	4,904	5 227	24.606	4,904
World Health Organization Medical Research Council—	137,004	5,227	24,606 16.470	117,625 92,977
Dyskinesia and torticollis reseach	102,896 594,737	6,551 778,341	16,470 900,387	92,977 472,691
	394,/3/	7/0,341	900,367	4/2,09

**TABLE 7.16** 

### OTHER SPECIFIED PURPOSE ACCOUNTS—Concluded

	April 1/1991	Receipts and other credits	Payments and other charges	March 31/1992
	\$	\$	\$	\$
Privy Council— Economic Council of Canada—				
Shared-cost agreements	24,997	215,000	24,997	215,000
Secretary of State—	21,777	213,000	~ 1,7 2 1	215,000
Social Sciences and Humanities Research Council—				
Queen's Fellowship Fund	273.023	20,414	16,494	276,943
Trust fund	7,052	39,537	35,000	11,589
11001.001.001	280,075	59.951	51.494	288.532
Solicitor General—				
Royal Canadian Mounted Police—				
Seized assets	1,326,525	1.501,809	106,779	2,721,555
Supply and Services—				
Interest on bonds—Insurance companies		38,109,515	38,109,515	
Military purchases excess funds deposit	285,428,049	10,563,274		295,991,323
Less: securities held in trust	285,428,049		10,563,274	295,991,323
		10,563,274	10,563,274	
Petro-Canada Enterprises Inc—Shares	1,073,091		80,680	992,411
1	1,073,091	48,672,789	48,753,469	992,411
Transport—				
Cartierville Airport account	3,459		3,459	
Veterans Affairs—				
Army benevolent fund	435,880	92,012	156,877	371,015
Fotal	111,878,696	833,987,386	646,992,683	298,873,399
Less: consolidation adjustment <sup>(2)</sup>	7,841,668	259,148		7,582,520
Total other accounts	104,037,028	834,246,534	646,992,683	291,290,879
Total other specified accounts	996,245,642	1,012,770,239	698,246,803	1,310,769,078

(1) This account is now reported in Table 7.4.

#### Civil service insurance fund

This fund was established by the Civil Service Insurance Act, to provide life insurance coverage for civil servants who bought policies before 1955-56. The purchase of policies was discontinued in 1954-55, pursuant to Section 62(2) of the Public Service Superannuation Act.

During the year, receipts and other credits consisted of premiums of \$11,994 and, an amount of \$481,026 (charged to budgetary expenditure) representing an adjustment to bring the balance in the fund into agreement with the actuarial valuation as at March 31, 1991. Payments and other charges consisted of death benefits, \$611,996; cash surrender value, \$54,628; annuities, \$34,067; and premium refunds, \$5.

### Regular forces death benefit account

This account was established by the Canadian Forces Superannuation Act, to provide life insurance to contributing members of the Armed Forces. Receipts and other credits consist of: (a) contributions by participants; (b) Government's contribution (1/6 of benefits paid in respect of participants who, at the time of death, were members of the regular forces, or who were elective regular forces participants, to whom pensions were payable under the Canadian Forces Superannuation Act or the Defence Services Pension Continuation Act); (c) single premiums payable by the Government in respect of regular forces participants who become entitled to a basic benefit of \$500 without contribution; and, (d) interest.

<sup>(2)</sup> Certain Crown corporations are part of the Government's reporting entity. Additional information is provided in Section 5 of this volume and in the audited financial statements (Section 2 of this volume).

Payments and other charges consist of: (a) benefits paid in respect of participants who, at the time of death, were members of the regular forces, or who were elective regular forces participants, to whom pensions were payable under the Canadian Forces Superannuation Act or the Defence Services Pension Continuation Act, upon their retirement from the regular forces; (b) benefits paid in respect of elective regular forces participants, to whom pensions were not payable under the Canadian Forces Superannuation Act or the Defence Services Pension Continuation Act, upon their retirement from the regular forces; and, (c) the portion of benefit payable for which a single premium has been paid by the Government.

**TABLE 7.17** 

### REGULAR FORCES DEATH BENEFIT ACCOUNT

	1991-92	1990-91
	\$	\$
Opening balance	122,528,870	108,956,106
RECEIPTS AND OTHER CREDITS— Contributions by personnel Government's contribution Single premiums payable by the Government in respect of regular	10,008,863 1,693,210	9,785,515 1,803,967
forces participants who became entitled to a basic benefit of \$500 without contribution	244,261 13,507,514	732,530 12,074,557
	25,453,848 147,982,718	24,396,569 133,352,675
PAYMENTS AND OTHER CHARGES— Benefits paid in respect of participants who, at the time of death, were members of the regular forces, or who were elective regular forces participants, to whom pensions were payable under the Canadian Forces Superannuation Act or the Defence Services Pension Continuation Act	10,161,661	10.823.805
Closing balance	137,821,057	122,528,870

### Public Service death benefit account

This account was established under the Public Service Superannuation Act, to provide life insurance to contributing members of the Public Service.

The account is credited with: (a) contributions by employees; (b) contributions by the Government and Public Service corporations; and, (c) interest. Payments and other charges represent: (a) benefits paid in respect of participants who, at the time of death, were employed in the Public Service, or were in receipt of an annuity under Part I of the Public Service Superannuation Act; and, (b) benefits of \$500 paid in respect of participants who, at the time of death, were employed in the Public Service, or were in receipt of an annuity under Part I of the Public Service Superannuation Act, and on whose behalf a single premium for \$500 death benefit coverage for life has been made.

#### **TABLE 7.18**

#### PUBLIC SERVICE DEATH BENEFIT ACCOUNT

	1991-92	1990-91
	\$	\$
Opening balance	718,272,176	616,370,474
RECEIPTS AND OTHER CREDITS— Contributions— Employees— Government and Public Service		
Government and Public Service corporations Government— One-sixth of benefit payments—	60,672,906	59,284,904
General Single premium for \$500 Public Service corporations Interest	5,917,069 1,507,404 2,244,086 79,861,338	5,678,674 1,728,930 2,319,296 69,049,902
	150,202,803	138,061,706
	868,474,979	754,432,180
PAYMENTS AND OTHER CHARGES— Benefit payments—		
General Life coverage of \$500 Other death benefit payments	35,914,041 1,907,158 11,783	34,339,032 1,744,300 76,672
	37,832,982	36,160,004
Closing balance	830,641,997	718,272,176

### Returned soldiers' insurance fund

This fund was established by the Returned Soldiers' Insurance Act, to provide life insurance to contributing veterans of World War I. The account is credited with premiums and is charged with disbursements for death benefits and cash surrender values. The account is actuarially maintained and an actuarial liability adjustment as at March 31, 1991 of \$11,968 was credited to the account during the year and was charged to budgetary expenditure. The final date on which application for this insurance could have been received, was August 31, 1933.

#### Veterans insurance fund

This fund was established by the Veterans' Insurance Act, to provide life insurance to contributing veterans of World War II. The account is credited with premiums and is charged with disbursements for death benefits and cash surrender values. The account is actuarially maintained and an actuarial liability adjustment as at March 31, 1991 of \$502,473 was credited to the account during the year and was charged to budgetary expenditure. The final date on which application for this insurance could have been received, was October 31, 1968.

#### Annuities agents' pension account

This account was established by Vote 181, Appropriation Act No. 1, 1961, to provide pension benefits to former eligible Government employees who were engaged in selling Government annuities to the public.

### Dependants' pension fund

This fund which pertains to Part IV of the Royal Canadian Mounted Police Pension Continuation Act, provides pension benefits to certain widows and other dependants of contributing members of the Royal Canadian Mounted Police. The fund is credited with a 5% contribution from the pay of members of the Force (other than commissioned officers) who are subject to the Pension Continuation Act. There are no longer any active members amongst the contributors.

During the year, interest was credited to the account and charged to interest on public debt.

### Locally-engaged contributory pension account

This account, which pertains to Part II of the Locally-Engaged Pension Regulations, provides pension benefits to locally-employed Government employees who contributed to the plan. The account is credited with contributions from locally-engaged employees, and charged with the subsequent payment of benefits.

#### Retirement fund

This fund provides pension benefits to certain eligible Government employees who are not covered by the Public Service Superannuation Account and who contributed to the fund.

Contributions are made to the fund in the form of monthly deductions from the salaries of certain prevailing rate or seasonal and certain other employees. Other credits are interest at the rate of 4% per annum on the balance to the credit of each contributor, the off-setting charge being to interest on public debt. Payments and other charges represent payment of the amounts to the employees' credit upon resignation or death, or, if they become contributors to the Public Service Superanuation Account, transfers to that account.

#### Agriculture development workshops

This account was established pursuant to Section 21 of the Financial Administration Act, to record moneys received from "Agence de coopération culturelle et technique" from Paris, France in accordance with an agreement dated June 15, 1990. These funds will be used to defray the training costs and living expenses of third world members during their stay at the Food Research and Development Centre in St-Hyacinthe, Quebec.

# Canada/British Columbia Agri-Food development projects

This account was established pursuant to Section 21 of the Financial Administration Act to record advance payments from the Government of British Columbia for their share of costs incurred under the Accord on Soil and Water Conservation and Development. Various soil conservation projects will be carried out through producer conservation organizations. Money is paid out of the account as eligible billing costs are received.

### Canada/Manitoba Agri-Food development projects

This account (formerly called Carman diversion project) was established pursuant to Section 21 of the Financial Administration Act, to record advance payments received from the government of Manitoba for their share of the costs incurred under various projects. The projects involve the construction of works for the enhancement of soil and water resource management. Money is paid out of the account as eligible billing costs are received.

# Canada/Manitoba partnership agreement on municipal water infrastructure for rural economic diversification

This account was established pursuant to Section 21 of the Financial Administration Act to record advance payments received from the government of Manitoba and participating cities/towns for their share of the costs incurred under various projects. The projects involve making improvements to the water supply and waste treatment and disposal infrastructures of rural communities while preserving environmental quality. Money is paid out of the account as eligible billing costs are received.

# Canada/Saskatchewan agricultural community water infrastructure

This account was established pursuant to the 1984 Canada-Saskatchewan Subsidiary Agreement on Agricultural Community Water Infrastructure, to record deposits from the Province of Saskatchewan whenever a city or town is able to finance part of the water supply or water disposal facilities and separate construction is not possible. Money is paid out of the account as eligible billing costs are received.

#### **Net Income Stabilization Account**

This account was established by Section 15 of the Farm Income Protection Act to record funds received from producers and federal and provincial governments and includes: (a) individual contributions up to 2% of eligible net sales (maximum \$250,000); (b) government contributions, split equally between federal and provincial governments, matching the 2% individual contributions; (c) additional individual contributions up to 20% of eligible net sales (maximum \$250,000) which are not matchable by government; (d) interest in the amount standing to the credit of the Account at rates and in accordance with terms and conditions determined by the Minister of Finance; and, (e) interest bonus of 3% per annum, split equally between federal and provincial governments, calculated on individual contributions.

The individual producer is entitled to make annual account withdrawals up to the amount allowed by either of two triggers; a stabilization trigger and a minimum income trigger. The method producing the largest amount will provide an upper limit for the withdrawal.

### Shared-cost agreements—Research—Agriculture

This account was established pursuant to Section 21 of the Financial Administration Act, to record amounts deposited by external parties for shared-cost research projects. Moneys are disbursed on behalf of the depositors as the specific projects are undertaken.

During the year, interest was credited to the account and charged to interest on public debt.

#### Shared-cost agreements—Conferences and training

This account was established pursuant to Section 21 of the Financial Administration Act to record monies received from other governments and organizations for shared-cost agreements. Monies are disbursed on behalf of the depositors as specific training is undertaken or conferences held.

### Shared-cost/joint project agreements

This account was established pursuant to Section 21 of the Financial Administration Act to record monies received from other governments and organizations in order to cover expenditures incurred under various shared-cost/joint project agreements.

# Advance account—Canadian Film Development Corporation

This account was established pursuant to Section 21 of the Financial Administration Act, to reserve for use in future years moneys generated by projects funded by Telefilm Canada, and which, due to timing, remained unreinvested at year end.

#### **Income from Patent Cooperation Treaty**

This account was established pursuant to Section 21 of the Financial Administration Act, and Section 12(3) of the Patent Cooperation Treaty Regulations under the Patent Rules, to record the receipt and disposition of the various fees relating to applications for an international patent, in accordance with Rules 14, 15, 16 and 16 bis of the Regulations under the Income from Patent Cooperation Treaty.

#### Income from securities in trust—Bankruptcy Act

This account was established by Sections 78, 84, 154 and 194 of the Bankruptcy Act, to record dividends paid on stocks originally held by a bankrupt stockbroker but subsequently sold to clients. As the stocks were not registered in the clients' names, the dividends must be paid to the last registered owner, in this case, the stockbroker. The dividends are forwarded to the Superintendent of Bankruptcy for safekeeping.

#### Securities in trust-Bankruptcy Act

This account was established by Section 67 of the Bankruptcy Act, to record the value of securities originally held by a bankrupt stockbroker, on behalf of clients who have not been located.

# Unclaimed dividends and undistributed assets—Bankruptcy Act

This account represents amounts credited to the Receiver General in accordance with the provisions of Section 154 of the Bankruptcy Act, pending distribution to creditors.

# Unclaimed dividends and undistributed assets—Canada Business Corporations Act

This account was established in accordance with Sections 227 and 228 of the Canada Business Corporations Act, for the purpose of recording liabilities to creditors and shareholders who have not been located. The account is charged when funds are paid to them.

# Unclaimed dividends and undistributed assets—Winding-up Act

This account records amounts credited to the Receiver General, in accordance with Sections 138 and 139 of the Winding-up Act, pending distribution.

# Canada-Quebec Accord relating to immigration and temporary admission of aliens

The Transition Agreement of the Canada-Quebec Accord is funded by the Government of Quebec.

This account was established pursuant to Section 21 of the Financial Administration Act to record payments made by the Province of Quebec against the costs incurred by Canada Employment and Immigration in providing settlement services to immigrants destined to that Province, during the transition period of 1991-92.

### Canadian jobs strategy program

The Canadian jobs strategy program is jointly funded by the federal and provincial governments.

This account was established pursuant to Section 21 of the Financial Administration Act, to record advance payments made by provinces against their share of the cost of projects, and held in trust pending disbursements to project sponsors.

# Summer employment—Experience development program

The summer employment—Experience development program is jointly funded by the federal and provincial governments.

This account was established pursuant to Section 21 of the Financial Administration Act, to record advance payments made by provinces against their share of the cost of projects, and held in trust pending disbursements to project sponsors.

# Atomic Energy of Canada Limited regional seismic monitoring station

This account was established pursuant to Section 21 of the Financial Administration Act, to record funds received from Atomic Energy of Canada Limited, to accommodate the cost-sharing of expenses required to operate a network of regional seismic monitoring station in the provinces of Ontario and Alberta.

### Continental geoscience division-Ontario Hydro

This account was established pursuant to Section 21 of the Financial Administration Act, to facilitate a cost sharing agreement between Energy, Mines and Resources and Ontario Hydro to acquire, compile, process and interpret seismic reflection data recorded in Lake Ontario, Lake Erie, and Lake Huron.

# International Energy Agency—Implementing agreement

This account was established pursuant to Section 21 of the Financial Administration Act, to record funds for the cost-sharing of expenses between Canada, the United States, Japan, Sweden and Italy in respect to the International Energy Agency Implementing Agreement for a programme of research, development and demonstration on alcohol and alcohol blends as motor fuels.

During the year, interest was credited to the account and charged to interest on public debt.

### Market development incentive payments-Alberta

This account records moneys received from the Government of Alberta, to encourage the expansion of natural gas markets in provinces east of Alberta, in accordance with an agreement between the Government of Canada and the Government of Alberta dated September 1, 1981 and pursuant to Section 39 of the Energy Administration Act. The original term of the agreement was from November 1, 1981 to January 31, 1987. As a result of the Western Accord of March 25, 1985, payments from the Government of Alberta terminated as at April 30, 1986, however, payments are being made from the account for the Natural Gas Vehicle Conversion and Natural Gas Fuelling Station Programs.

#### Meanook Observatory

This account was established pursuant to Section 21 of the Financial Administration Act, to facilitate the cost-sharing of the expenses required to operate the Meanook Observatory at Athabasca, Alberta. The Naval Ocean Systems Centre (USA) will be participating in the maintenance and utilization of this facility.

# NYSERDA—Diesel technology Research and Development

This account was established pursuant to Section 21 of the Financial Administration Act, to administer an advance payment from the New York State Energy Research and Development Authority (NYSERDA) with respect to demonstrating methanol diesel technology in the operation of transit buses. The advance was a condition of an agreement between the Department of Energy, Mines and Resources and NYSERDA.

# Ocean Drilling Program-Australia

This account was established pursuant to Section 21 of the Financial Administration Act, to deposit funds received from the government of Australia for the Ocean Drilling Program. The funds will subsequently be remitted to the National Science Foundation, Washington, D.C. together with Canada's share of Program costs.

# Ontario Hydro—Multi-detector electro-optical imaging sensor

This account was established pursuant to Section 21 of the Financial Administration Act, to record funds received from Ontario Hydro to accommodate the cost-sharing of expenses required to allow an analysis and evaluation of the multi-detector electro-optical imaging sensor system capabilities for the mapping of hydro corridors.

# Shared-cost agreements—Research—Energy, Mines and Resources

This account was established pursuant to Section 21 of the Financial Administration Act, to facilitate the retention and disbursement of moneys received from private, industry, and other governments for joint project or shared-cost research agreements.

# Shared-cost projects—Energy, Mines and Resources

This account was established pursuant to Section 21 of the Financial Administration Act, to facilitate the retention and disbursement of moneys received from private organizations and other governments for cost-sharing scientific projects.

### Forks sculpture contest account

This account was established pursuant to Section 21 of the Financial Administration Act, for the purpose of accepting donations from corporations and other donors to sponsor a sculpture competition for the opening of the Fork National Historic Park in Winnipeg, Manitoba.

### Mackenzie King trust account

The late The Right Hon W L Mackenzie King bequeathed Laurier House, Ottawa, and the sum of \$225,000, to the Government of Canada. The amount of \$225,000 was credited to the account. Interest computed, in accordance with the terms of Section 3 of the Laurier House Act, is to be credited to the account at the end of each year, and charged to interest on public debt. The interest is to be used to assist in the maintenance of the Laurier House, which is to be preserved as a place of historic interest, and also to provide accommodation for study and research.

### Miscellaneous projects deposits-Environment

This account was established pursuant to Section 21 of the Financial Administration Act, to record contributions received from organizations and individuals, for the furtherance of research work.

### Public participation funding program

This account was established pursuant to Section 21 of the Financial Administration Act, to record deposits received from provinces, territories or private organizations to provide funds to assist public participation in the federal environment assessment and review process.

#### Canada Foundation account

This account was established by Vote 6g, Appropriation Act No. 2, 1967, to record moneys received in connection with the Civilian Relief Agreement of 1950, and the Cultural Agreement of 1954 between Canada and Italy, and disbursements for the purposes of the said agreements.

The account is maintained in Italian lira in the Banco di Roma, Italy, and all transactions recorded in foreign currencies during the year are converted at the rate of exchange prevailing at the close of the years (1991-92, 1 Lira/\$0.000958 Cdn; 1990-91, 1 Lira/\$0.000910 Cdn).

During the year, income derived from the operation of the account amounted to Lira 49,194,393—\$47,128 Cdn, and disbursements for cultural activities and administrative expenses were Lira 36,282,957—\$34,759 Cdn. Included in income derived from operations is a \$40,220 Cdn adjustment to sales and profit on sales for the fiscal year 1990-91. The closing balance consists of securities at cost and cash on deposit.

#### Cost recoverable technical assistance program

This account was established pursuant to Section 21 of the Financial Administration Act, to record prepayments and disbursements in respect of the costs pertaining to the provision of technical assistance to other countries by Canadian firms and institutions pursuant to agreements between the Government of Canada and other national governments.

During the year, interest was credited to the account and charged to interest on public debt.

#### Paris air show

This account was established pursuant to Section 21 of the Financial Administration Act, to record moneys received from the private sector. These funds were used to help defray the costs of the Canadian Pavilion activities during the Paris air show held in Paris, June 13 to 23, 1991.

# Guarantee deposits—Canadian International Development Agency

This account was established pursuant to Section 21 of the Financial Administration Act, to record cheques for insurance claims related to damages to "in transit" goods being shipped to the country specified in the loan agreement, pending the decision of the country on the use of these moneys, to reduce the loan balance or to purchase replacement goods.

#### Common school funds-Ontario and Quebec

This account was established under 12 Victoria 1849, Chapter 200, to record the proceeds from the sale of lands set apart for the support and maintenance of common schools in Upper and Lower Canada, now Ontario and Quebec. Interest of \$133,888, apportioned on the basis of population, is paid directly to these provinces on a semi-annual basis, at the rate of 5% per annum, and is charged to interest on public debt.

### Foreign claims fund

This account was established by Vote 22a, Appropriation Act No. 9, 1966, to record: (a) such part of the money received from the Custodian of Enemy Property, proceeds of the sale of property and the earnings of property, and, (b) all amounts received from governments of other countries pursuant to agreements entered into after April 1, 1966 relating to the settlement of Canadian claims, and also records payment of claims submitted, including payment of the expenses incurred in investigating and reporting on such claims.

During the year, interest was credited to the account and charged to interest on public debt.

#### War claims fund-World War II

This account was established by Vote 696, Appropriation Act No. 4, 1952, to record moneys received from the Custodian of Enemy Property or from other sources, and payments: (a) to eligible claimants for compensation in respect of World War II; (b) of a supplementary award amounting to 50% of the original award (PC 1958-1467, October 23, 1958); and, (c) of expenses incurred in investigating and reporting on claims.

A War Claims Commission was established to enquire into and report on claims made by Canadians arising out of World War II for which compensation may be paid from this or any other fund established for the purpose. The expenses of the Commission are chargeable hereto.

# Miscellaneous projects deposits—Fisheries and Oceans

This account was established pursuant to Section 21 of the Financial Administration Act, to record contributions received from organizations and individuals, for the furtherance of research work.

### Miscellaneous projects deposits-Forestry

This account was established pursuant to Section 21 of the Financial Administration Act, to record contributions received from organizations and individuals for the furtherance of forestry research work.

#### Fines-Indian Act

Fines collected under Sections 85.1 and 104 of the Indian Act, in connection with liquor prosecutions, and band bylaws, are credited to this account. Expenditures cover certain costs incurred in the suppression of the liquor traffic among the Indians of Canada.

### Indian agencies revenue trust bank accounts

This account was established pursuant to Section 21 of the Financial Administration Act, to record moneys held for Indians in authorized banks across Canada. These moneys include such items as deceased estates, deposits and payments on leases held for individual Indians, and those to be split between individual Indians and Indian bands.

### Indian band funds-Shares and certificates

This account was established by Section 61 of the Indian Act, to record the historical value of Transalta Utilities Ltd shares of stock as compensation for a power line right-of-way on the Blood Indian reserve. These shares are held in the name of the Receiver General of Canada for the credit of the Blood Indian Band. Any dividends received are credited to the revenue account of the Blood Indian Band.

#### Indian compensation funds

Pursuant to Sections 35 and 61 of the Indian Act, moneys received from the sale of Indian lands and easement compensation, where the title has not been cleared nor the land survey completed, are recorded in this account pending completion of documentation.

#### Indian moneys suspense account

This account was established pursuant to Section 21 of the Financial Administration Act, to record moneys held for individuals and bands, received from royalties, timber dues, rentals and leases of Indian lands, such as agricultural leases, easements, oil and gas leases, permits and royalties and timber dues agreements, etc, pending proper documentation.

During the year, interest was credited to the account and charged to interest on public debt.

### Indian special accounts

Pursuant to Section 52 of the Indian Act and Section 21 of the Financial Administration Act, these Indian special accounts represent a number of non-interest bearing accounts which are maintained for specific purposes and include the following:

- (a) Absent or missing heirs—Assets in an estate to which a missing heir might be entitled are held in this account for a period of seven years, after which time, if the heirs are not located, the assets are distributed to other persons according to entitlement.
- (b) Abitibi fur reserve—This account records moneys received from the sale of pelts trapped on reserves in the Abitibi District in Quebec, to defer charges for tallymen's wages, freight costs, etc.
- (c) Abitibi fishery—This account records charges for the operation of the Abitibi sturgeon fish catching project.
- (d) Indian off-reserve housing—This account records personal contributions held in trust until paid to the vendor, the builder or legal representative.

#### 1924 Ontario lands agreement

This account was established pursuant to Section 21 of the Financial Administration Act, to record the Province of Ontario's share of the receipts from mineral activity on Indian reserves in accordance with the terms of the 1924 Ontario lands agreement. Payment of these funds to Indian bands is awaiting the passage of federal and provincial legislation to enact a new Indian Lands Agreement for Ontario.

During the year, interest was credited to the account and charged to interest on public debt.

# Miscellaneous shared-cost agreements—Industry, Science and Technology

This account was established pursuant to Section 21 of the Financial Administration Act, to record amounts deposited by external parties for shared-cost projects. Moneys are disbursed on behalf of the depositors as the specific projects are undertaken

# Federal/provincial agreements—Canadian Space Agency

This account was established pursuant to Section 21 of the Financial Administration Act, to record moneys received for cost-sharing payments with provinces.

#### Radarsat

This account was established pursuant to Section 21 of the Financial Administration Act, to record moneys received for both cost-sharing and advance payments for Radarsat scenes.

# Oceans industries investment prospecting and strategic marketing

This account was established pursuant to Section 21 of the Financial Administration Act, to record monies received from various provinces and organizations, in order to facilitate the formation of business arrangements between Canadian and Japanese ocean industry technology-based firms. Mony is paid out of the account as eligible billing costs are received.

# Special fund—National Research Council of Canada

This account was established by the National Research Council Act, to record revenue received by the National Research Council of Canada in the amount of \$23,509,802, derived from laboratory fees, \$10,226,555; capital, \$2,122,622; information services, \$3,170,188; sales of publications, \$5,470,389; and, miscellaneous receipts, \$2,520,048. An amount of \$19,248,877 was charged hereto, of which an amount of \$17,126,255 was credited to National Research Council Vote 70, and \$2,122,622 to National Research Council Vote 75, to offset expenditures.

### Trust fund-National Research Council of Canada

This account was established by the National Research Council Act, to record funds received from departments and agencies and public organizations, to cover expenditures made on their behalf.

# Trust fund—Natural Sciences and Engineering Research Council

This account was established by Section 27 of the Government Organization (Scientific Activities) Act, 1976, to record funds received from other governments and organizations, to cover expenditures made on their behalf, and to record this agency's liability to other organizations.

During the year, interest was credited to the account and charged to interest on public debt.

#### Advance payments—Statistics Canada

This account was established pursuant to Section 21 of the Financial Administration Act, to record advance payments received from departments, agencies and others to finance the cost of special statistical services.

### Child support-Shared-cost project

This account was established pursuant to Section 21 of the Financial Administration Act, to record funds received from provincial governments and territories in accordance with the agreement respecting the funding of the Federal/Provincial Child Support Guidelines Project.

Upon completion of the project, each province/territory will be reimbursed, on the basis of a prorata share and without interest, for its share of any unspent funds remaining in the account.

#### Federal Court special account

This account was established pursuant to Section 21 of the Financial Administration Act, to maintain accounts on behalf of litigants before the Court. These accounts record the moneys paid into the Federal Court of Canada, pursuant to an order of the Court, rules of the Court or statutes, to be held in trust pending payment of such moneys, in accordance with a judgment of the Court.

During the year, interest was credited to the account and charged to interest on public debt.

#### Fair wages suspense account

This account is operated under the authority of Section 13 of the Fair Wages and Hours of Labour Regulations. Where an investigation in respect of a contract on Government works results in an award of wages, the amount received from the contractor is credited to this account, and is subsequently distributed to employees.

The account also records amounts received from departments and agencies, representing wages in respect of contracts, withheld from final payment to contractors.

#### Labour standards suspense account

This account is operated under the authority of the Canada Labour Code, Part III, Section 251, and the Canada Labour Standards Regulations Section 23.

The account records:

- (a) funds received from employers as a result of assessments made by inspectors regarding underpayments of minimum wages, overtime, vacation pay, holiday pay, termination, severance or bereavement pay. The assessments are payable either directly to the employee, or to the Minister of Labour who is required to transmit the payment to the employee;
- (b) payments received from employers who are in arrears in paying their employees. Such amounts are repaid to employees; and,
- (c) wages received by the Minister of Labour from employers who cannot locate employees. Efforts are then made to locate employees.

#### Foreign governments

These accounts were established pursuant to Section 21 of the Financial Administration Act, to record funds received from foreign governments, to cover expenditures to be made on their behalf, in accordance with the provisions of agreements with the Government of Canada.

# North Atlantic Treaty Organization (NATO)—Infrastructure projects

These accounts were established pursuant to Section 21 of the Financial Administration Act, to record funds received from NATO to cover (a) NATO infrastructure projects implemented by Canada, and, (b) other expenditures to be made on NATO's behalf, in accordance with the terms of an agreement with the Government of Canada.

### Non-government agencies

This account was established pursuant to Section 21 of the Financial Administration Act, to record funds received for expenditures made on behalf of non-government agencies, for which specific accounts have not been established.

# Canadian Sports Pool Corporation—Other outstanding liabilities

This account was established pursuant to Section 21 of the Financial Administration Act, to record moneys received at the dissolution of the Canadian Sports Pool Corporation which are to be used to pay any liabilities of the Corporation.

# Housing an Aging Population

This account was established pursuant to Section 21 of the Financial Administration Act to administer funds from Canada Mortgage and Housing Corporation as their contribution to the updating and publication of a document "Housing an Aging Population: Guidelines for Development and Design".

# Miscellaneous federal/provincial projects—National Health and Welfare

This account was established pursuant to Section 21 of the Financial Administration Act, to record transactions relating to the provinces/territories share of costs incurred under federal/provincial cost-sharing agreements for joint federal/provincial projects in the areas of hospital administration, hospital facilities design and other related health issues.

#### Safety evaluation of chemicals

This account was established pursuant to Section 21 of the Financial Administration Act, to record funds received and payments made to organizations and individuals providing services on behalf of the Scientific Group on Methodologies for the Safety Evaluation of Chemicals in accordance with the specific purposes identified by the Group.

#### World Health Organization

This account was established pursuant to Section 21 of the Financial Administration Act, to record funds received from the World Health Organization, for scientific projects.

#### Dyskinesia and torticollis research

This account was established by Section 5(3) of the Medical Research Council Act, to record a bequest of \$75,000 made by an anonymous donor, to establish a fund for research in the fields of dyskinesia and torticollis. The interest received is used for the payment of research grants. Other donations are also credited to this fund.

During the year, interest was credited to the account and charged to interest on public debt.

# Shared-cost agreements—Economic Council of Canada

This account was established pursuant to Section 21 of the Financial Administration Act to record, in accordance with cost-sharing agreements, the contributions received from other governments and private organizations towards the funding of a research project on health care costs.

#### Queen's Fellowship fund—Social Sciences and Humanities Research Council

This fund is an endowment of \$250,000 that was established by Vote 45a, Appropriation Act No. 5, 1973-74. The income is used for the payment of scholarships to graduate students in certain fields of Canadian studies.

During the year, interest was credited to the account and charged to interest on public debt.

# Trust fund—Social Sciences and Humanities Research Council

This account was established pursuant to Section 21 of the Financial Administration Act, to record receipts and disbursements of funds available for social sciences and humanities research activities. The account is also used to record receipts of private donations and disbursements for the purpose of special projects.

During the year, interest was credited to the account and charged to interest on public debt.

#### Seized assets

This account was established pursuant to Section 21 of the Financial Administration Act, to record moneys seized during the course of investigations and drug seizures under the Criminal Code of Canada and the Narcotic Control Act. The funds are held pending the Court decision.

#### Interest on bonds-Insurance companies

This account is credited with the proceeds from interest coupons on bonds deposited by insurance companies under the Canadian and British Insurance Companies Act. Debits represent the payment of the same interest to the insurance companies.

### Military purchases excess funds deposit

This account was established by a written agreement between Canada and the United States, to record temporarily unutilized funds paid to the United States Government under contracts for purchases of military equipment. The funds are invested by the Federal Reserve Bank of New York to earn interest for the Government of Canada.

### Petro-Canada Enterprises Inc—Shares

This account was established pursuant to Section 21 of the Financial Administration Act, to record the liability to shareholders who have not presented their shares for payment. The closing balance represents 8,200 shares of Petro-Canada Enterprises Inc at \$120.14 per share.

# Cartierville Airport account

In accordance with Section 21 of the Financial Administration Act, and following the sale of the Cartierville Airport by the Government to Canadair Limited, this special account was established to hold in deposit \$5,000,000 and to record in the same account the interest earned as approved by the Minister of Finance.

Periodically, this account was debited with payments to Canadair Limited to reimburse them for repairs and improvement expenses incurred at the Cartierville Airport.

During the year, this account was closed.

### Army benevolent fund

Pursuant to Section 3 of the Army Benevolent Fund Act, this account was credited with certain canteen profits and other funds from World War II. Interest at the rate of 12.62% per annum was credited semi-annually for the period June 29, 1985 to June 28, 1990, and at the rate of 9.91% for the period June 29, 1990 to June 28, 1995 on the minimum monthly balances.

Payments are made out of the fund to or for the benefit of World War II veterans or their dependents or the widows, children or other dependents of deceased veterans.

### SUPPLEMENTARY STATEMENTS

### Canada Pension Plan Account and the Canada Pension Plan Investment Fund

### MANAGEMENT RESPONSIBILITY STATEMENT

The accompanying financial statements of the Canada Pension Plan Account and the Canada Pension Plan Investment Fund are the responsibility of the management of the Department of National Health and Welfare. The statements have been prepared by management in accordance with the accounting policies set out in Note 2 to the statements applied on a basis consistent with that of the preceding year.

Preparation of financial information is an integral part of management's broader responsibility for the ongoing operations of the Account and Fund. Management maintains books of account, and systems of financial and management control augmented by a program of internal audit. These practices and controls are designed to provide reasonable assurance that reliable and accurate financial information is available on a timely basis, that assets are safeguarded, that resources are managed economically and efficiently in the attainment of the Plan's objectives, that operations are carried out effectively, and that the transactions are in accordance with the Canada Pension Plan and Regulations.

The Auditor General of Canada conducts an independent audit of these statements and reports on his audit to the Minister of National Health and Welfare.

Monique Plante
Acting Assistant Deputy Minister
Income Security Programs

Margaret Catley-Carlson
Deputy Minister

#### AUDITOR'S REPORT

#### TO THE MINISTER OF NATIONAL HEALTH AND WELFARE

I have audited the statements of the Canada Pension Plan Account and the Canada Pension Plan Investment Fund for the year ended March 31, 1992. These financial statements are the responsibility of the management of the Department of National Health and Welfare. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the balance and changes of the Account and the Fund for the year ended March 31, 1992 in accordance with the accounting policies set out in Note 2 to the statements.

Raymond Dubois, FCA
Deputy Auditor General
for the Auditor General of Canada

Ottawa, Canada August 14, 1992

# Canada Pension Plan Account and the Canada Pension Plan Investment Fund—Continued

STATEMENT OF THE CANADA PENSION PLAN ACCOUNT FOR THE YEAR ENDED MARCH 31, 1992

(in thousands of dollars)

	1992	1991
Amounts credited		
Contributions-Employees, employers and		
self-employed	8,390,805	7,968,781
Interest (Note 3)	4,463,137	4,410,935
	12,853,942	12,379,716
Amounts charged		
Benefits		
Retirement pensions	7,854,775	7,045,020
Disability pensions	1,840,530	1,612,356
Survivors' pensions	1,644,591	1,483,113
Death benefits	171,619	159,922
Orphans' benefits	146,189	130,601
benefits	135,052	110,900
	11,792,756	10,541,912
Expenses (Note 4)		
Administration	56,363	65,584
Collection of contributions	49,419	63,038
services	19.887	27,083
Accommodation	5,219	4,396
insurance numbers	2,434	2.115
Actuarial services	1,023	707
	134,345	162,923
-	11,927,101	10,704,835
Increase in balance	926,841	1,674,881
Balance at beginning of year	41,120,250	39,445,369
Balance at end of year	42,047,091	41,120,250
Represented by:		
Canada Pension Plan Investment Fund Operating balance on deposit with the	38,866,293	37,661,664
Receiver General for Canada	3,180,798	3,458,586
	42,047,091	41,120,250

Contingencies (Note 6)

Approved on behalf of the Department of National Health and Welfare:

MONIQUE PLANTE
Acting Assistant Deputy Minister
Income Security Programs

MARGARET CATLEY-CARLSON Deputy Minister

# Canada Pension Plan Account and the Canada Pension Plan Investment Fund—Continued

# STATEMENT OF THE CANADA PENSION PLAN INVESTMENT FUND FOR THE YEAR ENDED MARCH 31, 1992

(in thousands of dollars)

	Balance at beginning of year	Amounts charged— Purchases	Amounts credited— Redemptions	Balance at end of year
Investment in securities (Note 5)				
Provinces and territory				
Newfoundland	781,175	40,858	17,602	804,431
Prince Edward Island	168,166	9,794	3,620	174,340
Nova Scotia	1,428,780	78,408		1,507,188
New Brunswick	1,058,357	58,458	26,826	1,089,989
Quebec	136,076	12,778	6,613	142.241
Ontario	17,042,716	1,078,879	498,328	17,623,267
Manitoba	2.031.122	104,459	53,731	2.081,850
Saskatchewan	1.686.077	90,664	42,731	1,734,010
Alberta	4,534,771	280,721	92,130	4,723,362
British Columbia	5,298,482	313,179	131,211	5,480,450
Yukon Territory	3,726			3,726
	34,169,448	2,068,198	872,792	35,364,854
Canada	3,492,216	15,763	6,540	3,501,439
	37,661,664	2,083,961	879,332	38,866,293

Approved on behalf of the Department of National Health and Welfare:

MONIQUE PLANTE Acting Assistant Deputy Minister Income Security Programs

MARGARET CATLEY-CARLSON Deputy Minister

#### NOTES TO STATEMENTS FOR THE YEAR ENDED MARCH 31, 1992

#### 1. (a) Description and authority

The Canada Pension Plan is a 1965 Act of Parliament, to establish a comprehensive program of old age pensions and supplementary benefits in Canada, payable to, and in respect of, contributors. This compulsory and contributory social insurance program (the Plan) enables members of the labour force to acquire and retain protection for themselves and their families against loss of income due to retirement, disability or death. The Plan applies in all parts of Canada, except for the Province of Quebec which has a comparable plan.

Under the existing Canada Pension Plan legislation, benefits and expenses incurred in the administration of the Plan are financed from the contributions made by employees, employers and self-employed persons and from interest earned on the investment of funds not immediately needed for benefits and administrative costs.

The Canada Pension Plan Account (the Account) was established in the accounts of Canada by Section 108.(1) of the Canada Pension Plan to record the contributions, interest, benefits and expenses of the Plan. The authority to pay benefits under the Plan is limited to the balance of the Account which was \$42,047 million at March 31, 1992.

The Canada Pension Plan Investment Fund (the Fund) was established in the accounts of Canada by Section 109.(1) of the Canada Pension Plan to record the investment in securities of the provinces, territories and Canada.

#### (b) Financing

The Canada Pension Plan is financed on a pay-as-you-go basis except for a contingency reserve, which is planned over time, to equal about two years of benefits.

# Canada Pension Plan Account and the Canada Pension Plan Investment Fund—Continued

NOTES TO STATEMENTS
FOR THE YEAR ENDED MARCH 31, 1992—Continued

Recognizing the need for higher rates of contributions, the legislation was amended in January 1987 to incorporate a 25-year schedule of contribution rates and a provision for its review every five years by the Minister of Finance and ministers of the Crown from the included provinces. At each review the rates of the first 20 years are modified, if the Ministers agree, and the schedule is extended for an additional five years. Agreement is required by at least two-thirds of the included provinces having in the aggregate not less than two-thirds of the population of all of the included provinces. If the Ministers do not reach agreement at a five-year review, the five-year extension to the 25-year schedule is automatically set by the formula contained in the regulations.

For the 1991 and 1992 calendar years, the combined employer and employee contribution rates are 4.6% and 4.8% respectively, subject to maximum combined contributions of \$1,265.00 and \$1,392.00. Following their recent five-year review of the schedule of contribution rates, the Finance ministers agreed on annual increases in the combined employer and employee contribution rates of .20% for calendar years 1992 to 1996 to reach 5.6%, .25% for calendar years 1997 to 2006 to reach 8.1%, and .20% for calendar years 2007 to 2016 to reach 10.1%. The Canada Pension Plan was amended by Bill C-39 to incorporate these changes effective January 1, 1992. The next review of the 25-year schedule of contribution rates is required to take place prior to January 1, 1997.

The Twelfth Actuarial Report prepared by the Chief Actuary of the Office of the Superintendent of Financial Institutions, dated October 1991, which was prepared for purposes of Bill C-39, reveals that the desirable 2:1 ratio of the Canada Pension Plan Account balance to the projected annual payments (in accordance with the provisions of section 113.1(4)(c) of the Canada Pension Plan) will now be maintained until the year 2019.

#### 2. Accounting policies

#### Canada Pension Plan Account

The amounts credited and charged to the Account are in accordance with Sections 108.(2) and 108.(3) of the Canada Pension Plan, respectively. Contributions, interest and benefits are recorded on a cash basis. Contributions are received from Revenue Canada—Taxation based on estimates of collections for the current year and adjustments to the estimates of prior years. Expenses are recorded on an accrual basis. The balance of the Account represents the accumulated excess of contributions and interest over benefits and expenses to date.

#### Canada Pension Plan Investment Fund

The amounts charged and credited to the Fund are in accordance with Section 109.(2) of the Canada Pension Plan. All securities held are carried at cost, are non-negotiable and have a term of 20 years or such lesser period as may be determined by the Minister of Finance on the recommendation of the Chief Actuary of the Office of the Superintendent of Financial Institutions.

#### 3. Interest

	1992	1991
_	(in thousand	ds of dollars)
Interest on investment in securities		
held by the Fund.		
Provinces and territory		
Newfoundland	86,574	83,484
Prince Edward Island	18,718	17,938
Nova Scotia	157,718	155,549
New Brunswick	116,726	113,429
Quebec	14,525	13,697
Ontario	1,899,228	1,835,716
Manitoba	223,126	215,893
Saskatchewan	186,188	179,690
Alberta	516,646	497,373
British Columbia	594,720	571,496
Yukon Territory	360	360
	3,814,529	3,684,625
Canada	355,851	322,901
	4,170,380	4,007,526
Interest on operating balance on		
deposit with the Receiver General		
for Canada, at a weighted-average		
rate of 8.22% (1991—12.35%)	292,757	403,409
	4,463,137	4,410,935

The weighted-average rate of interest on securities purchased during the year was 9.92% (1991—10.85%).

### 4. Expenses

Expenses of the Account represent the costs of services charged by six federal government departments: Health and Welfare (administration); Revenue Canada—Taxation (collection of contributions); Supply and Services (cheque issue and computer services); Public Works (accommodation); Employment and Immigration (assignment and maintenance of social insurance numbers); and the Office of the Superintendent of Financial Institutions (actuarial services).

# Canada Pension Plan Account and the Canada Pension Plan Investment Fund—Concluded

NOTES TO STATEMENTS FOR THE YEAR ENDED MARCH 31, 1992—Concluded

#### 5. Investment in securities

Operating balances on deposit with the Receiver General in excess of estimated cash requirements for the following three-month period are available for the purchase of securities of the provinces, territories and Canada. As required by the Canada Pension Plan, the monies available for security purchases are allocated to the provinces and territories based on the proportion of contributions credited to the Account during the preceding 10 years in respect of employment in a given province or a territory to the total contributions in those years. The portion attributed to certain other employees outside Canada continues to be invested in securities of Canada.

The securities of Quebec relate to the contributions of certain federal employees, such as members of the Canadian Armed Forces, who are residents in the Province of Quebec.

### 6. Contingencies

One legal action is pending in the Federal Court of Canada, Trial Division citing the Canadian Charter of Rights and Freedoms. This action, by a claimant for survivors' benefits, alleges that certain provisions of the Canada Pension Plan legislation discriminate on the basis of age. The estimated claim for this action is \$17,329. If it is successful, similar claims against the Canada Pension Plan Account could arise amounting to \$235 million (1991—\$207 million) and could result in increased benefit costs in future years.

At the end of the 1991-92 fiscal year there were 10,233 appeals (1991—6,932) at various stages of review within the Plan. The estimated claims for these appeals against the Canada Pension Plan Account could be \$76 million (1991—\$40 million).

#### **Government Annuities Account**

#### AUDITOR'S REPORT

#### TO THE MINISTER OF EMPLOYMENT AND IMMIGRATION

I have audited the balance sheet of the Government Annuities Account as at March 31, 1992 and the statements of operations and actuarial liabilities and changes in financial position for the year then ended. These financial statements are the responsibility of the Account's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Account as at March 31, 1992 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles.

Further, in my opinion, the transactions of the Account that have come to my notice during my examination of the financial statements have, in all significant respects, been in accordance with section 15 of the Government Annuities Act, section 15 of the Government Annuities Act, and the Regulations.

Raymond Dubois, FCA
Deputy Auditor General
for the Auditor General of Canada

Ottawa, Canada July 17, 1992

# BALANCE SHEET AS AT MARCH 31, 1992 (in thousands of dollars)

ASSETS	1992	1991	LIABILITIES	1992	1991
Deposit with Receiver General for Canada	764,981 56,554 197	804,952 59,453 133	Actuarial surplus due to Canada	2,679 819,053	2,549 861,989
	821,732	864,538		821,732	864,538

Approved by the Canada Employment and Immigration Commission:

A. KROEGER Chairman

H. BRAITER

Executive Director

Finance and Administration

#### REPORT OF THE VALUATION ACTUARY

I have made the valuation of the actuarial liabilities as at March 31, 1992 in respect of annuity contracts issued under the Government Annuities Act, the accrued interest due from Canada on its actuarial liabilities for the year ended March 31, 1992 and the actuarial suplus due to Canada at the end of that year, for purposes of the balance sheet of the Government Annuities Account, its statements of operations and actuarial liabilities and changes in financial position for the year then ended.

In my opinion, (i) the valuation conforms to the Recommendations for Life Insurance Company Financial Reporting of the Canadian Institute of Actuaries; (ii) the amount of actuarial liabilities constitutes a proper provision on account of future payments under annuity contracts, as calculated in accordance with subsection 15(1) of the Government Annuities Improvement Act and Regulations pertaining thereto; (iii) the amount of actuarial liabilities has been determined from reliable data, based on adequate and appropriate assumptions and in accordance with generally accepted actuarial principles. The results of the valuation are fairly shown in the financial statements.

Michel Bédard Fellow of the Canadian Institute of Actuaries

#### Government Annuities Account—Continued

# STATEMENT OF OPERATIONS AND ACTUARIAL LIABILITIES FOR THE YEAR ENDED MARCH 31, 1992

(in thousands of dollars)

	1992	1991
Payments and other charges		
Annuity payments	95,124	97,500
Premium refunds	1,558	1,688
Unclaimed annuities	433	348
_	97,115	99,536
Income		
Interest from Canada	56,554	59,453
Premiums	233	218
Other	71	76
	56,858	59,747
Excess of payments and other charges over income for the year	40,257	39,789
the year	861,989	904,327
	821,732	864,538
Actuarial surplus	2,679	2,549
Actuarial liabilities, balance at end of the		
year (Note 3)	819,053	861,989
Actuarial liabilities are comprised of: Unmatured annuities, accumulated		
premiums and accrued interest	169,648	195,153
Matured annuities, present value	649,405	666,836
	819,053	861,989

#### STATEMENT OF CHANGES IN FINANCIAL POSITION FOR THE YEAR ENDED MARCH 31, 1992

(in thousands of dollars)

anna	1992	1991
Funds were used for:		
Operations		
Excess of payments and other charges over income for the year	40,257	39,789
accounts receivable	-2,835	-2,822
	37,422	36,967
Actuarial surplus remitted to Consolidated Revenue Fund	2,549	2,513
Total funds used	39,971	39,480
Deposit with Receiver General for Canada, balance at beginning of the year	804,952	844,432
Deposit with Receiver General for Canada, balance at end of the year	764,981	804,952

# NOTES TO FINANCIAL STATEMENTS MARCH 31, 1992

### 1. Authority and purpose

The Government Annuities Account was established in 1908 by the Government Annuities Act, (the "Act"), as modified by the Government Annuities Improvement Act (the "Improvement Act").

The purpose of the Act was to assist individuals and groups of Canadians to provide for their later years by purchasing Government annuities. The Improvement Act increased the rate of return on Government annuity contracts to a rate of seven percent, increased their flexibility and discontinued future sales.

The Account is administered by the Canada Employment and Immigration Commission and operates through the Consolidated Revenue Fund.

### 2. Significant accounting policies

#### (a) Basis of accounting

The accounts of the Government Annuities Account are maintained on an accrual basis.

#### (b) Actuarial liabilities

Actuarial liabilities comprise: (i) in respect of unmatured annuities, accumulated premiums and accrued interest, and (ii) in respect of matured annuities, the present value of such annuities actuarially determined on the basis of such rate or rates of interest and mortality tables as is prescribed.

#### (c) Actuarial surplus

At the end of any fiscal year, the recorded amount of actuarial liabilities may be different than the calculated amount of actuarial liabilities. The difference represents an actuarial surplus or deficit which is remitted to or recovered from the Consolidated Revenue Fund.

#### (d) Interest from Canada

Interest from Canada is calculated on actuarial liabilities as prescribed by the Improvement Act.

#### (e) Unclaimed annuities

Unclaimed annuities represent amounts transferred to the Consolidated Revenue Fund in respect of annuities that could not be paid because the annuitants could not be located.

#### (f) Services provided without charge

The Account does not record the value of administrative services it receives without charge from the Canada Employment and Immigration Commission and other Government entities.

#### Government Annuities Account—Concluded

NOTES TO FINANCIAL STATEMENTS MARCH 31, 1992—Concluded

#### 3. Actuarial liabilities

The method utilized to calculate the actuarial liabilities of \$819,053,000 (1991—\$861,989,000) is in accordance with subsection 15(1) of the Government Annuities Improvement Act and the Regulations pertaining thereto.

The Government Annuities Regulations provide that the Mortality Tables to be used in determining the values of annuities shall be the Annuity Tables for 1949 modified by Projection Scale C.

The Commission undertakes an annual review of mortality experience to monitor the appropriateness of the mortality tables for valuation purposes. The results of the last study, completed in March 1992, indicate that the mortality tables in use continue to be appropriate for such purposes.

4. Respective roles of the valuation actuary and of the auditor

In accordance with the Joint Policy Statement of the Canadian Institute of Chartered Accountants and the Canadian Institute of Actuaries, dated March, 1991, it is appropriate to include a description of the respective roles of the actuary and of the auditor with the financial statements. Their respective roles are as follows:

- (a) The actuary, being in this case the Chief Actuary employed by the Canada Employment and Immigration Commission, determines and reports on the amount of actuarial liabilities for annuity contracts issued under the Government Annuities Act, as shown in the financial statements. This valuation is conducted in accordance with the Recommendations for Life Insurance Company Financial Reporting of the Canadian Institute of Actuaries. The Chief Actuary also determines that the method utilized to calculate the actuarial liabilities is in accordance with subsection 15(1) of the Government Annuities Improvement Act and the Regulations pertaining thereto.
- (b) The auditor expresses an opinion on the fairness of financial statements prepared by management. The audit is conducted in accordance with generally accepted auditing standards issued by the Canadian Institute of Chartered Accountants.

### Royal Canadian Mounted Police (Dependants) Pension Fund

AUDITOR'S REPORT

TO THE SOLICITOR GENERAL OF CANADA

I have audited the statement of net assets available for benefits and accrued pension benefits of the Royal Canadian Mounted Police (Dependants) Pension Fund as at March 31, 1992 and the statement of changes in net assets available for benefits for the year then ended. These financial statements are the responsibility of the Fund's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the net assets available for benefits and accrued pension benefits of the Fund as at March 31, 1992 and the changes in net assets available for benefits for the year then ended in accordance with generally accepted accounting principles.

> D. Larry Meyers, FCA Deputy Auditor General for the Auditor General of Canada

Ottawa, Canada July 30, 1992

#### STATEMENT OF NET ASSETS AVAILABLE FOR BENEFITS AND ACCRUED PENSION BENEFITS AS AT MARCH 31, 1992

	1992	1991
	\$	\$
Net assets available for benefits		
Due from the Consolidated Revenue Fund Interest receivable on Due from the	20,933,314	20,242,334
Consolidated Revenue Fund Actuarial present value of future	528,997	
contributions from participants	120,000	130,000
	21,582,311	20,372,334
Accrued pension benefits (Pension obligations) Actuarial present value of accrued pension benefits (Note 3)	17,440,000	17,527,000
Excess of net assets available for benefits over actuarial present value of accrued pension benefits	4,142,311	2,845,334

BENOÎT LALONDE Manager District Services Officer

Approved:

NORMAN D. INKSTER Commissioner

### STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS FOR THE YEAR ENDED MARCH 31, 1992

	1992	1991
	\$	\$
Increase in assets Interest income on Due from the		
Consolidated Revenue Fund	2,157,618	2,050,185
of future instalments	7,363	9,051
Total increase in assets	2,164,981	2,059,236
Decrease in assets Benefits payments: Widows and children Lump sum (estate)	955,004	813,944 88,058
Total decrease in assets	955,004	902,002
Increase in net assets	1,209,977	1,157,234
at beginning of year	20,372,334	19,215,100
Net assets available for benefits at end of year	21,582,311	20,372,334

# Royal Canadian Mounted Police (Dependants) Pension Fund—Continued

# NOTES TO THE FINANCIAL STATEMENTS MARCH 31, 1992

#### 1. Description of the plan

The following brief description of the Royal Canadian Mounted Police (Dependants) Pension Fund is for general information only. For more complete information, reference should be made to the Royal Canadian Mounted Police Pension Continuation Act (the Act). All monetary transactions of the Fund are made through a specified purpose account in the Consolidated Revenue Fund (CRF).

#### (a) General

The Royal Canadian Mounted Police (Dependants) Pension Fund was established in 1934 pursuant to the Royal Canadian Mounted Police Act and is currently operated under Part IV of the Royal Canadian Mounted Police Continuation Act (effective 1959) and the related Regulations.

The Act provides for members of the Force, other than commissioned officers, appointed before March 1, 1949, to purchase certain survivorship benefits for their dependants by payment of specified contributions.

# (b) Funding policy

All members under Part IV of the Act have now retired and, as such, there are no more active members contributing to the Fund; however, many retired members are still making instalment payments in respect of previous elections made before their retirement.

Section 56 of the Act directs the Minister of Finance to have an actuarial valuation of the Fund prepared at least once every 5 years. If the actuarial valuation discloses a surplus, the Governor in Council may, by order, increase pensions. If there is an actuarial deficiency, the Governor in Council may direct that there be credited to the Fund, out of any unappropriated moneys in the Consolidated Revenue Fund, such amount as may be required to re-establish solvency of the Fund.

### (c) Government contributions

So far the Government of Canada has not made, and was not required to make, any contributions to the Fund as a guarantor of its solvency. On the other hand, the Government of Canada credits the Fund with interest computed quarterly on the balance of the Due from the Consolidated Revenue Fund at the end of the preceding quarter. For the quarter ending March 31, 1992, interest was credited to the account using an estimated rate of 2.5%. The interest income corresponds to an annual rate of return of about 10.5% in 1992 (1991—11%).

#### (d) Basic death benefits

The following benefits, as applicable, are payable on the death of a member who has made the scheduled contributions and has not withdrawn them from the Fund.

#### i) Widows' pensions

The widow is entitled to the pension purchased by the member. In many cases the pension equals approximately 1.5% of the member's final pay multiplied by his years of credited service. The pension is payable for life with a guarantee that the total payments shall be no less than the member's contributions.

#### ii) Eligible children's annuities

An annuity, not exceeding 7% of the member's final pay, is payable to each surviving child eligible in accordance with the provisions of the Act at that time. If there is no surviving widow or if the widow dies before the child's annuity ceases, the amount of the annuity doubles.

### iii) Lump sum benefits

If a member is not survived by a widow, a lump sum payment is made to the dependants and relatives of the member who are, in the opinion of the Minister, best entitled to share the benefit. The lump sum amount is equal to the actuarial present value of a pension to a hypothetical surviving widow 20 years older than the member at his death, but not exceeding 75 years of age.

#### iv) Benefit limitations

Under certain circumstances, the basic death benefits payable to a surviving widow are smaller than those normally available. This type of limitation can occur when a member marries after age 60; in that case, the value of the pension to the widow cannot exceed the lump sum payable if he were not survived by a widow. A similar limitation applies to a member who marries before age 60 after termination of service and dies within 5 years after such marriage, unless the member satisfies the Commissioner he is in sound health.

Benefit limitations are also applied to restrict the aggregate of the annual basic pension and annuities payable to the widow and children, to not exceed 70% of the member's final annual pay and allowances.

# Royal Canadian Mounted Police (Dependants) Pension Fund—Concluded

# NOTES TO THE FINANCIAL STATEMENTS MARCH 31, 1992—Concluded

### (e) Dividends on death benefits

The Act also provides that if the Fund is substantially in excess of the amount required to make adequate provision for the prospective payments to be made out of it, the Governor in Council may by order increase the benefits provided under Part IV, or any of them, in such manner as may appear equitable and expedient.

To date, most of these benefit increases have taken the form of proportionate dividends applied to all basic death benefits, both accrued and prospective. As a result, the pension payments made in the year included an increase of 380% (350% in 1991) of the basic pension amount.

#### (f) Withdrawal of contributions

A retired member who did not elect to withdraw his contributions from the Fund upon retirement retains the right to do so at any time thereafter; however, all his rights under Part IV and those of his dependants shall cease upon such election.

All returns of contributions are made without interest.

#### 2. Significant accounting policies

#### (a) Basis of presentation

These financial statements are prepared on the going concern basis and present the aggregate financial position of the Fund as a separate financial reporting entity independent of the sponsor and Fund members.

# (b) Increases and decreases in assets are recorded on the

### (c) Services provided without charge

The Fund does not record the value of administrative services it receives without charge from various government departments and agencies. These services include the following:

- management and other support services from the Royal Canadian Mounted Police;
- actuarial valuation and other services from the Office of the Superintendent of Financial Institutions:
- accounting and cheque issue from Supply and Services Canada; and
- audit from the Office of the Auditor General.

### 3. Obligations for pension benefits

The most recent actuarial valuation for funding purposes was made as at March 31, 1990 by the Director, Government Services Division of the Office of the Superindent of Financial Institutions. The valuation disclosed an actuarial surplus of \$3,560,600. A portion, estimated at \$1,615,000, of this surplus was distributed by an increase in the basic pension amount of 30% effective on April 1, 1991 and a further increase of 30% effective on April 1, 1992. A further \$363,000 was used to increase the benefit payable on the early death of a widow.

The results of the 1990 valuation were extrapolated to March 31, 1992. The actuarial present value of accrued pension benefits as at March 31, 1992 and the principal components of changes in the actuarial present value during the year were estimated as follows:

	1992	1991
	\$	\$
Actuarial present value of accrued pension benefits at beginning of year.  Amendments to the plan, including	17,527,000	15,579,000
dividend increases	1,018,000	1,978,000 1,022,000
Benefits payments	-955,000	-902,000
Actuarial gains	-150,000	-150,000
Actuarial present value of accrued pension benefits at end of year	17,440,000	17,527,000

The calculations of the actuarial present values assumed an annual interest rate of 6%. That reflects the actuary's long term expectation but is less than the anticipated rate at which interest will be credited to the Fund in the near and medium term. The resulting short and medium term anticipated excess interest earnings are to provide inflationary protection for the foreseeable future. If currently higher rates of interest had been used in the valuation, it could have led to a higher actuarial surplus.

An actuarial valuation as at March 31, 1992 is currently being finalized.

#### 4. Presentation of the financial statements

The presentation of the financial statements has been modified in order to reflect the adoption of the new requirements on pension plans (Section 4100) of the Canadian Institute of Chartered Accountants.

# SECTION 8

1991-92 PUBLIC ACCOUNTS

# **Other Liabilities**

# CONTENTS

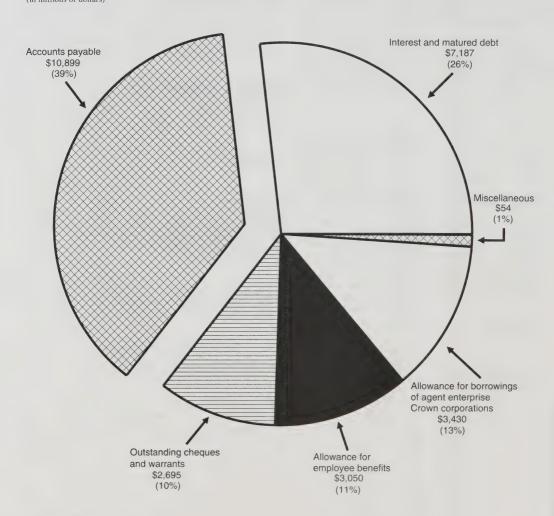
Interest and matured debt
Accounts payable
Outstanding cheques and warrants
Allowance for employee benefits
Allowance for borrowings of agent enterprise Crown corpora-
tions expected to be repaid by the Government
Miscellaneous

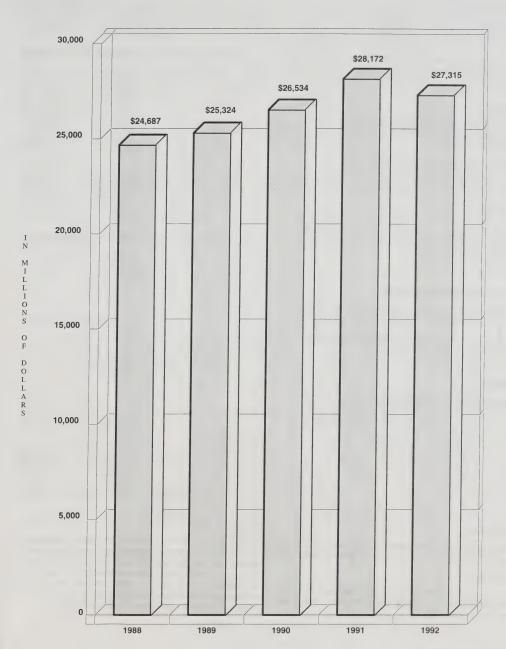
### **OTHER LIABILITIES**

This section contains information on accounts reported on the Statement of Assets and Liabilities under "Other Liabilities". The establishment and operation of these accounts is authorized by Parliament in annual appropriation acts and other legislation. Chart A presents other liabilities by category for the current fiscal year, while Chart B compares other liabilities for the last five fiscal years. Table 8.1 presents the year-end balances for other liabilities.

The tables in this section present the continuity of accounts, by showing the opening and closing balances.

CHART A
OTHER LIABILITIES
(in millions of dollars)





OTHER LIABILITIES 8.3

#### TABLE 8.1

#### OTHER LIABILITIES

	April 1/1991	March 31/1992
	\$	\$
Interest and matured debt, Table 8.2	10,345,583,427	10,513,025,806
Less: unamortized discount on—		
Canada bills	6,186,198	
Treasury bills	4,296,156,519	3,326,252,296
	6,043,240,710	7,186,773,510
Accounts payable <sup>(1)</sup>	10,288,698,491	10,544,947,291
Add: consolidation adjustment <sup>(2)</sup>	233,961,000	354,058,000
	10,522,659,491	10,899,005,291
Outstanding cheques and warrants, Table 8.3	4,021,983,856	2.695,458,375
Allowance for employee benefits	3,750,000,000	2,850,000,000
Add: consolidation adjustment <sup>(2)</sup>	200,000,000	200,000,000
	3,950,000,000	3.050,000,000
Allowance for borrowings of agent enterprise Crown	-,,,	0,000,000,000
corporations expected to be repaid by the Government—		
Borrowings of agent enterprise Crown corporations	17,876,551,000	18,578,282,000
Less: borrowings expected to be repaid by these enterprise Crown corporations	14,326,551,000	15,148,282,000
Less, bottowings expected to be repaid by these effectives colorinations	3,550,000,000	3.430.000.000
Miscellaneous, Table 8.4	84,447,482	53,475,083
Total	28,172,331,539	27,314,712,259

<sup>(1)</sup> Includes contractors' and other holdbacks previously shown in Table 8.4.

# **Interest and Matured Debt**

Interest and matured debt includes interest due, interest accrued and matured debt.

Table 8.2 presents a summary of the balances for the accounts in this category of other liabilities.

TABLE 8.2

#### INTEREST AND MATURED DEBT

	April 1/1991	March 31/1992
	\$	\$
Interest due	4,080,869,670	4,296,492,213
Interest accrued	5,912,938,224	5,898,646,098
Matured debt	351,775,533	317,887,495
Total	10,345,583,427	10,513,025,806

#### Interest due

Interest due is the interest on the bonded debt, which is due and payable but has not been redeemed by bond holders.

#### Interest accrued

Interest accrued is the interest accumulated as at March 31 on the bonded debt and certain other liabilities, that is not payable until a future date.

#### Matured debt

This account records financial obligations represented by certificates of indebtedness issued by the Government, that have become due but that have not been presented for redemption. Unclaimed matured bonds are transferred to non-tax revenue if they remain unredeemed 15 years after the date of call or maturity, whichever is earlier; the minimum time before such a transfer is made is 5 years from the date of maturity.

<sup>(2)</sup> Certain Crown corporations are part of the Government's reporting entity. Additional information is provided in Section 5 of this volume and in the audited financial statements (Section 2 of this volume).

### **Unamortized Discount on Canada Bills**

This account records the portion of the discount on outstanding Canada bills which has not yet been charged to expenditure. The discount is amortized as an expenditure over the term of issue

### **Unamortized Discount on Treasury Bills**

This account records the portion of the discount on outstanding Treasury bills which has not yet been charged to expenditure. The discount is amortized as an expenditure over the term of issue.

# **Accounts Payable**

This account records amounts owing at the year end pursuant to contractual arrangements, or for work performed, goods received, or services rendered, relating to appropriations on which Parliament has imposed annual ceiling, accrued amounts to be paid from statutory authorities, and accrued financial obligations of consolidated Crown corporations.

# **Outstanding Cheques and Warrants**

This account records cheques and warrants issued but not yet presented for payment.

Table 8.3 presents a summary of the balances for the accounts in this category of other liabilities.

#### **TABLE 8.3**

#### **OUTSTANDING CHEQUES AND WARRANTS**

	April 1/1991	March 31/1992
	\$	\$
Outstanding cheques	3,628,563,528	2,349,047,855
mprest account cheques	613,460	540,011
Unemployment insurance warrants	392,806,868	345,870,509
Total	4,021,983,856	2,695,458,375

### **Outstanding cheques**

Cheques issued in Canadian dollars, and unpaid at March 31, are recorded in this account. Cheques outstanding for 10 years are transferred to non-tax revenue. During the year, an amount of \$9.037,190 was transferred to revenue.

Cheques in foreign currencies are credited to the Government's cash account at the time of issue.

#### Imprest account cheques

Imprest account cheques issued and unpaid at March 31, with the exception of those outstanding for 10 years or more (which have been transferred to non-tax revenue), are recorded in this account. During the year, an amount of \$147 was transferred to revenue.

### Unemployment insurance warrants

This account records outstanding Unemployment insurance benefit warrants.

# Allowance for Employee Benefits

This account records allowances for amounts owing for earned and unpaid annual vacation leave, for employee benefits payable upon termination of employment and for unsigned pay adjustments.

# Allowance for Borrowings of Agent Enterprise Crown Corporations Expected to be Repaid by the Government

In accordance with Section 54 of the Financial Administration Act, the payment of all money borrowed by agent enterprise Crown corporations, and interest thereon, is a charge on and payable out of the Consolidated Revenue Fund. Such borrowings therefore constitute unconditional obligations of the Government.

This account reports the borrowings of agent enterprise Crown corporations expected to be repaid by the Government (see Table 6.7 in Section 6 of this volume).

### Other Liabilities-Miscellaneous

Table 8.4 presents a summary of the balances and transactions for other miscellaneous liabilities.

TABLE 8.4
OTHER LIABILITES—MISCELLANEOUS

	April 1/1991	March 31/1992
	\$	\$
Eldorado Mining and Refining Limited—		
Unpresented capital stock	23,695	23,695
Miscellaneous departmental navlist deductions	21,059,147	8,917,580
Unpresented capital stock Michaellaneous departmental paylist deductions Contractors' and other holdbacks <sup>(1)</sup>	,,	0,211,000
Provincial sales tax—		
Communications—		
National Archives of Canada	924	762
National Library	502	624
	1,426	1.386
Energy, Mines and Resources	7,803	6,478
Solicitor General—	.,	-,
Correctional Service	1,288	1,449
Royal Canadian Mounted Police	1,428	1,229
,	2,716	2.678
	11.945	10.542
Federal sales tax—		
Solicitor General—Correctional Service	59	
Borrowings of consolidated Crown corporations <sup>(2)</sup>	19,436,000	15,870,000
Suspense accounts	43,916,636	28,653,266
Total	84,447,482	53,475,083

<sup>(1)</sup> This account is now reported in Table 8.1 under Accounts payable.

### Eldorado Mining and Refining Limited—Unpresented capital stock

The liability of the Government for the value of the paid-up capital stock of the former company, which has not been redeemed at the close of the year, is recorded herein.

#### Miscellaneous departmental paylist deductions

Deductions from the salaries and wages of certain employees are credited to this account pending transmittal to related outside organizations.

#### Provincial sales tax

This account was established pursuant to Part VII of the Federal-Provincial Fiscal Arrangements and Federal Post-Secondary Education and Health Contributions Act. This Act contains provisions for the collection and remittance of provincial sales tax on sales made.

#### Federal sales tax—Correctional Service

Pursuant to Section 43 of the Penitentiary Regulations, this account was credited with federal sales tax on sales made by the Correctional Service of Canada, and was charged with remittances to National Revenue, Customs and Excise.

During the year, this account was closed.

### **Borrowings of consolidated Crown corporations**

This account records the unconditional obligations of the Government for the consolidated Crown corporations.

#### Suspense accounts

Accounts in which transactions are recorded temporarily, pending their ultimate disposition.

<sup>(2)</sup> Certain Crown corporations are part of the Government's reporting entity. Additional information is provided in Section 5 of this volume and in the audited financial statements (Section 2 of this volume).

# SECTION 9

1991-92 PUBLIC ACCOUNTS

## **Foreign Exchange Accounts**

## CONTENTS

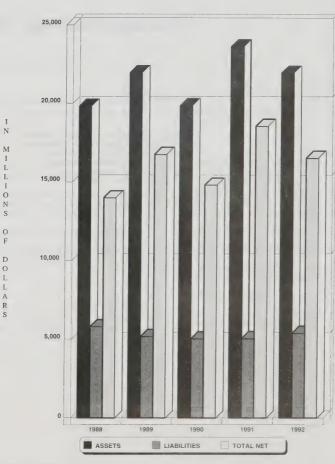
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International reserves held in the Exchange Fund Account	9.3
International Monetary Fund—Subscriptions	9.4
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Exchange Fund Account	9.5

## FOREIGN EXCHANGE ACCOUNTS

Foreign exchange accounts represent financial claims and obligations of the Government as a result of Canada's foreign exchange operations. Financial claims and obligations denominated in foreign currencies are reported at Canadian dollar equivalents at March 31. Net gains resulting from the translation of the net assets denominated in foreign currencies, to Canadian dollar equivalents as at March 31, are credited to revenue as premium and discount on exchange, and net losses are charged to budgetary expenditure of the Department of Finance.

Chart A compares the foreign exchange assets and liabilities for the last five fiscal years. Table 9.1 presents the continuity of each foreign exchange account, by showing the opening and closing balances, as well as receipts and other credits, and payments and other charges. It should be noted, however, that this table excludes unmatured debt payable in foreign currencies, amounting to \$3,444 million as at March 31, 1992 (\$4,526 million as at March 31, 1991); details relating to these obligations are presented in Section 10 of this volume.

CHART A
FOREIGN EXCHANGE ACCOUNTS



**TABLE 9.1**FOREIGN EXCHANGE ACCOUNTS

	April 1/1991	Receipts and other credits	Payments and other charges	March 31/1992
	\$	\$	\$	\$
International reserves held in the Exchange Fund				
Account	19,066,183,762	59,590,014,553	57,671,566,734	17,147,735,943
International Monetary Fund—Subscriptions	4,565,314,300	24,493,960	256,744,730	4,797,565,070
	23,631,498,062	59,614,508,513	57,928,311,464	21.945.301.013
Less: International Monetary Fund—Notes payable	3,854,047,691	336,701,681	62,000,000	4,128,749,372
Special Drawing Rights allocations	1,209,691,867	61,540,531		1,271,232,398
	5,063,739,558	398,242,212	62,000,000	5,399,981,770
Total foreign exchange accounts	18,567,758,504	60,012,750,725	57,990,311,464	16,545,319,243

# International Reserves Held in the Exchange Fund Account

This account records the moneys advanced from the Government to the Exchange Fund Account, in Canadian and other currencies, for the purchase of gold, foreign currencies and securities, and Special Drawing Rights (SDRs).

The Exchange Fund Account is operated under the provisions of the Currency Act. In accordance with this Act, audited financial statements for the Exchange Fund Account are prepared for each calendar year. The financial statements as at December 31, 1991, together with the Auditor General's report thereon, are found at the end of this section.

Table 9.2 shows foreign exchange reserves held by and advances to the Exchange Fund Account as at March 31, 1992. Gold held by the Account is valued at 35 SDRs per fine ounce (\$57.09 Cdn as at March 31, 1992 and \$54.33 Cdn as at March 31, 1991).

In 1991-92, payments and other charges consisted of advances to the Exchange Fund Account in the amount of \$56,810.6 million, a valuation adjustment of \$147.4 million and an adjustment of \$713.6 million to recognize the net income of the Exchange Fund Account for the period January 1 to March 31. Receipts and other credits consisted of repayments of advances of \$59,590 million.

**TABLE 9.2** 

# INTERNATIONAL RESERVES HELD IN THE EXCHANGE FUND ACCOUNT (in millions of dollars)

	March 31/ 1992	March 31/ 1991
US cash on deposits	67	260
US dollar short-term deposits	2,273	3,635
US dollar investments	7,698	8,059
Deutsche marks cash on deposits	14	20
Deutsche marks short-term deposits	1,171	1,146
Japanese yen cash on deposits	2	67
Japanese yen short-term deposits	3,216	3,389
Swiss francs cash on deposits	11	5,507
Swiss francs short-term deposits	156	
Special Drawing Rights	1.836	1,697
Gold	703	792
Canadian cash on deposits	1	1
Total	17,148	19,066
Fund were denominated as follows: US dollars (1992, US \$ 2,304 million; 1991, US \$ 3,334 million)  Swiss francs (1992, SF 200 million; 1991, SF 200 million)  Japanese yen (1992, Y 60,000 million; 1991, Y 60,000 million)  Special Drawing Rights (1992, SDR 383.3 million; 1991, SDR 383.3 million)  Canadian dollar deposit with the Receiver General for Canada	2,740 159 538 625	3,860 159 492 595
Total advances from the Consolidated	12,372	13,717
Revenue Fund	16,434	19,025
March 31	714	41

## International Monetary Fund—Subscriptions

This account records the value of Canada's subscription (its "quota") to the capital of the International Monetary Fund (IMF).

The amount by which the sum of Canada's subscriptions plus loans to the IMF under special facilities exceeds the IMF's holdings of Canadian dollars represents the amount of foreign exchange which Canada is entitled to draw from the IMF on demand for balance of payments purposes. The subscription is expressed in terms of the SDR, a unit of account defined in terms of a "basket" of five major currencies.

Canada has accumulated its subscriptions through settlements to the IMF in Canadian dollars, gold and SDRs. Annual maintenance of value payments are made to, or received from, the IMF when the Canadian dollar depreciates or appreciates against the SDR, in order to maintain the SDR-value of the IMF's holdings of Canadian dollars. In 1991-92, payments and other charges consisted of a maintenance of value adjustment of \$256.7 million and receipts and other credits consisted of a valuation adjustment of \$24.5 million.

## **International Monetary Fund—Notes Payable**

This account records non-marketable, non-interest bearing notes issued by the Government to the IMF. These notes are payable on demand and are subject to redemption or re-issue, depending on the needs of the IMF for Canadian currency.

Canadian dollar holdings of the IMF include these notes and a small working balance (initially equal to one-quarter of one percent of Canada's subscription) held on deposit at the Bank of Canada. In 1991-92, notes payable to the IMF increased by \$274.7 million.

## **Special Drawing Rights Allocations**

This account records the value of SDRs allocated to Canada by the IMF. The Special Drawing Right is an international currency created by the IMF, and allocated to countries participating in its Special Drawing Rights Department. It represents a liability of Canada, as circumstances could arise whereby Canada could be called upon to repay these allocations, in part or in total.

As an asset, SDRs represent rights to purchase currencies of other countries participating in the IMF's Special Drawing Rights Department, as well as to make payments to the IMF itself. All SDRs allocated to Canada by the IMF have either been used to settle subscriptions in the IMF, or have been advanced to the Exchange Fund Account.

There was no allocation of SDRs by the IMF to Canada during the year. In 1991-92, receipts and other credits consisted of a valuation adjustment of \$61.5 million.

## SUPPLEMENTARY STATEMENT

## **Exchange Fund Account**

MANAGEMENT RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

Responsibility for the financial statements of the Exchange Fund Account rests with the Department of Finance. The operation of the Account is governed by the provisions of Part II of the Currency Act. The Account is administered by the Bank of Canada as fiscal agent.

The financial statements for 1991 were prepared in accordance with the stated accounting policies of the Government of Canada set out in Note 2 to the financial statements. These policies were applied on a basis consistent with that of the preceding year.

The Department of Finance establishes policies for Exchange Fund Account transactions and investments, and related accounting activities. It also ensures that the Account's activities comply with the statutory authority of the Currency Act.

The Bank of Canada effects transactions for the Account and maintains records, as required to provide reasonable assurance regarding the reliability of the financial statements. The Bank reports to the Department of Finance on the financial position of the Account and on the results of its operations.

The Auditor General of Canada conducts an independent audit of the financial statements of the Account and reports the results of his audit to the Minister of Finance.

The Annual Report of the Account is tabled in Parliament along with the financial statements, which are part of the Public Accounts, and are referred to the Standing Committee on Public Accounts for their review.

Approved:

J.W. CROW Governor Bank of Canada

FRED GORBET Deputy Minister Department of Finance

JOHN MURRAY Chief, International Department Bank of Canada

#### AUDITOR'S REPORT

TO THE MINISTER OF FINANCE

I have audited the balance sheet of the Exchange Fund Account as at December 31, 1991 and the statement of income for the year then ended. These financial statements are the responsibility of the Department of Finance. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the Department of Finance, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Account as at December 31, 1991 and the results of its operations for the year then ended in accordance with the stated accounting policies of the Government of Canada set out in Note 2 to the financial statements.

Further, in my opinion, the Account for the year ended December 31, 1991 has complied, in all significant respects, with the applicable provisions of the Currency Act.

D. Larry Meyers, FCA
Deputy Auditor General
for the Auditor General of Canada

Ottawa, Canada February 28, 1992

## PUBLIC ACCOUNTS, 1991-92

## Exchange Fund Account—Continued

BALANCE SHEET AS AT DECEMBER 31, 1991

(in millions of dollars)

ASSETS		1991	1990		LIABILITIES	1991	1990
	US	С	US	C		С	С
Denominated in US dollars  Cash and short-term deposits  Marketable securities (Note 3)	2,678 3,962 6,640	3,095 4,578 7,673	3,427 4,467 7,894	3,975 5,182 9,157	Due to the Consolidated Revenue Fund Advances (Note 9) Net income for the year	13,386 2,227	14,13 2,63
Denominated in other foreign							
Cash and short-term deposits (Note 4)	1,234 3,386	1,427 3,913	4,273	4,956			
	4,620	5,340	4,273	4,956			
Denominated in Special Drawing Rights							
Special Drawing Rights (Note 6)	1,600	1,849	1,549	1,796			
Gold (Note 7)	649	750	737	855			
	2,249	2,599	2,286	2,651			
Official international reserve assets (Note 8)	13,509	15,612	14,453	16,764			
Denominated in Canadian dollars							
Cash		1		2	_		
		15,613		16,766		15,613	16,76

Commitments (Note 10)

Approved:

J.W. CROW Governor Bank of Canada

FRED GORBET Deputy Minister Department of Finance

JOHN MURRAY Chief, International Department Bank of Canada

## Exchange Fund Account—Continued

STATEMENT OF INCOME FOR THE YEAR ENDED DECEMBER 31, 1991 (in millions of Canadian dollars)

***	1991	1990
Investment income		
Cash and short-term deposits	568	446
US dollar securities	689	718
Special Drawing Rights	131	152
Gold loans	13	11
	1,401	1,327
Other income		
Gain on sales of gold	645	523
Net valuation gains (Note 11)	181	785
	826	1,308
Net income for the year due to the Consolidated Revenue Fund (Note 2 (e)).	2.227	2,635

### NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 1991

## 1. Authority and objective

The Exchange Fund Account (the Account) is governed by Part II of the Currency Act (the Act). The Account is in the name of the Minister of Finance and is administered by the Bank of Canada as fiscal agent. The Financial Administration Act does not apply to the Account.

The main objective of the Account is to aid in the control and protection of the external value of the Canadian dollar, and the Minister acquires or sells for the Account those assets which are deemed appropriate for this purpose in accordance with the Act.

#### 2. Significant accounting policies

The following accounting policies, which conform to the stated accounting policies of the Government of Canada as used in Public Accounts, have been applied on a basis consistent with that of the preceding year.

#### (a) Valuation of assets

Securities are adjusted for amortized premiums or discounts where applicable. Securities, cash, short-term deposits and special drawing rights (SDRs) include accrued interest. The SDR is a unit of account issued by the International Monetary Fund (IMF), and its value is determined in terms of a basket of five major currencies.

Gold includes gold loans and accrued interest on gold loans. Gold is held in the Account at a value of 35 SDRs per fine ounce.

## (b) Translation of foreign currencies and SDRs

Investment income in foreign currencies and SDRs is translated into Canadian dollars at the foreign exchange rates prevailing on the date the income is recorded. Assets and liabilities denominated in foreign currencies and SDRs are translated into Canadian and US dollar equivalents at year-end market exchange rates, which were as follows:

-	1991	1990
US dollar	1.155500	1.159900
Japanese yen	0.009256	0.008569
Swiss franc	0.851800	0.915900
Special Drawing Right  Deutsche mark	1.652856 0.761200	1.650143 0.778800

## (c) Investment income

Investment income is recorded on an accrual basis and includes interest earned, amortization of premiums and discounts, and gains and losses on the sale of securities.

## (d) Disposition of net income or loss

The net income or loss for the year, including net valuation gains or losses, is payable or chargeable to the Consolidated Revenue Fund (CRF) of the Government of Canada within three months after the end of the year in accordance with the Act

## (e) Services provided without charge

The Bank of Canada provides, without charge to the Account, administrative, custodial and fiscal agency services. The CRF does not charge interest on advances to the Account (Note 9).

#### 3. Marketable securities denominated in US dollars

	1991			1990
	US	С	US	С
	(	in millions	of dollars	)
US Government				
securities	3,566	4,121	4,061	4,710
Sovereign paper	94	109	119	138
International Bank for Recon- struction and Development				
bonds	255	294	257	298
Accrued interest	47	54	30	36
	3,962	4,578	4,467	5,182

Estimated market value at year end:

1991—US \$4,033 million (C \$4,660 million) 1990—US \$4,552 million (C \$5,280 million)

## Exchange Fund Account—Continued

### NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 1991—Continued

## 4. Cash and short-term deposits denominated in other foreign currencies

1991		1990			
US	С	US	С		
(in millions of dollars)					
150	174	3,052	3,540		
932	1,077	1,221	1,416		
152	176				
1,234	1,427	4,273	4,956		
	150 932 152	US C (in millions) 150 174 932 1,077 152 176	US C US (in millions of dollars) 150 174 3,052 932 1,077 1,221 152 176		

## 5. Marketable securities denominated in other foreign currencies

	1991	11	990
US	С	US	С
	(in millions	of dollars)	
3 386	3 913		

## Estimated market value at year end:

1991—US \$3,389 million (C \$3,916 million)

## 6. Special Drawing Rights

Japanese government securities .....

		1991		1990
		(in milli	ons of SD	(Rs)
Held at the end of the year		1,106		1,072
Accrued interest		13		17
		1,119		1,089
		1991		1990
	US	С	US	С
		(in millions	of dollar	s)
Held at the end of the year	1,582	1,827	1,526	1,770
Accrued interest	18	22	23	26
	1,600	1,849	1,549	1,796

### 7. Gold

		1991		1990
	_	(in thousand	s of fine o	unces
Held at the beginning of the year				
Gold		10,870	1	3.576
Gold loans		3,893		2,525
		14,763	1	6,101
Sold during the year		1,800		1,338
Held at the end of the year		12,963	1	4,763
Composed of				
Gold		10,026	1	0,870
Gold loans		2,937		3,893
		12,963	1-	4,763
		1991	1	990
	US	С	US	С
_		(in millions o	f dollars)	
Held at the end of the year				
Gold	502	580	541	628
Gold loans	147	170	194	225
loans			2	2
	649	750	737	855

The book value, market value (based on London fixings), and approximate Canadian dollar cost of gold and gold loans at historical rates of exchange, excluding accrued interest on gold loans, at year end are:

1991		1990	
Price per fine ounce	Total value in millions	Price per fine ounce	Total value in million
50.07	649	49.79	735
57.85	750	57.76	853
353.40	4,581	391.00	5,773
408.35	5,293	453.52	6,696
36.91	478	36.91	545
	Price per fine ounce 50.07 57.85 353.40 408.35	Price per value fine in ounce millions  50.07 649 57.85 750 353.40 4,581 408.35 5,293	Price per fine ounce         Total value per millions         Price per ounce           50.07         649         49.79           57.85         750         57.76           333.40         4,581         391.00           408.35         5,293         453.52

The Minister of Finance has authorized loans and/or sales, at market prices, of part of the gold held by the Account, to the Royal Canadian Mint and others.

## Exchange Fund Account—Concluded

## NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 1991—Concluded

#### 8. Official international reserve assets

The Account is the principal repository of Canada's official international reserves. Reserves are comprised of the Account's foreign assets, of deposit balances in foreign currencies held by the Receiver General (or CRF) and by the Bank of Canada, and of Canada's reserve position in the International Monetary Fund. At December 31, 1991 total reserves, as published by the Department of Finance, amounted to US \$16.9 billion (1990—US \$18.6 billion) of which the EFA accounted for US \$13.5 billion (1990—US \$14.5 billion). The remaining US \$3.4 billion (1990—US \$4.1 billion) was held by the Bank of Canada and the CRF.

## 9. Due to the Consolidated Revenue Fund—Advances

The Account is funded by advances from the CRF. These are currently limited to C \$25 billion by Order in Council dated June 30, 1988. The CRF does not charge interest on advances to the Account. At year end, advances from the CRF consisted of:

	1991	1990
	(in millions of Ca	anadian dollars)
Canadian dollars	9,319	8,346
US dollars	2,707	4,454
Special Drawing Rights	634	633
Japanese yen	556	515
Swiss francs	170	183
	13,386	14,131

The proceeds of Canada's borrowings in foreign currency and allocations of SDRs by the IMF have been advanced from the CRF to the Account. Repayments of foreign currency debt are made using the resources of the Account. Interest payable by Canada on borrowings in foreign currencies and charges on SDR allocations to Canada are charged directly to the CRF.

#### 10. Commitments

#### (a) Currency swaps

The Account has entered into short-term currency swap arrangements with the Bank of Canada and with major financial institutions. The objective of swaps with the Bank of Canada is to assist the Bank in its cash management operations while the objective of swaps with financial institutions is to assist the Government in managing its domestic cash balances in a more cost-effective manner. Under these agreements, the Account

sells US dollars for Canadians dollars, with simultaneous agreements to repurchase US dollars on future dates at predetermined exchange rates. Swaps with the Bank of Canada are unwound at the same exchange rates as those used in the initial sales, while the rates used in swaps with financial institutions reflect the premium or discount prevailing in the market at the time the swaps were entered into. These swaps result in decreases in the Account's foreign currency assets and in the level of advances from the CRF. The effect is reversed when the swaps mature. Net valuation gains or losses on currency swaps are recorded at maturity using exchange rates prevailing at that time.

At year end, the Account had the following commitments to repurchase US dollars under swap arrangements:

	1991		1990				
	US	С	US	С			
	(in millions of dollars)						
Bank of Canada	2,645 2,000	3,042 2,282	3,420	3,965			
	4,645	5,324	3,420	3,965			

## (b) Gold options

During the year the Minister of Finance authorized the sale of call options on part of the Account's gold holdings. Under such transactions, the Account receives a premium against commitments to sell gold, at predetermined prices, on the expiry date of the options which can be exercised at the holder's discretion. No gold is sold unless the holders of the options exercise their right on the expiry dates.

At year end, the Account had commitments to sell 40,000 fine ounces of gold, under short-term call option contracts with a total value of US \$15 million.

#### 11. Net valuation gains (losses)

		1991		
	Assets	Liabilities	Total	Total
•	(in m	illions of Ca	nadian do	ollars)
US dollars	-84	24	-60	206
Special Drawing Rights	6	-1	5	89
Gold	-4		4	70
Japenese yen	304	-41	263	271
Deutsche marks	-48		-48	189
Swiss francs	12	13	25	-40
	186	-5	181	785



# SECTION 10

1991-92 PUBLIC ACCOUNTS

## **Unmatured Debt**

## **CONTENTS**

Marketable bonds
Canada savings bonds
Special non-marketable bonds
Treasury bills
Notes and loans
Canada bills
Supplementary statements—
Interest rates
Maturity of Government debt
Statement of all borrowing transactions on behalf of Her
Majesty

## **UNMATURED DEBT**

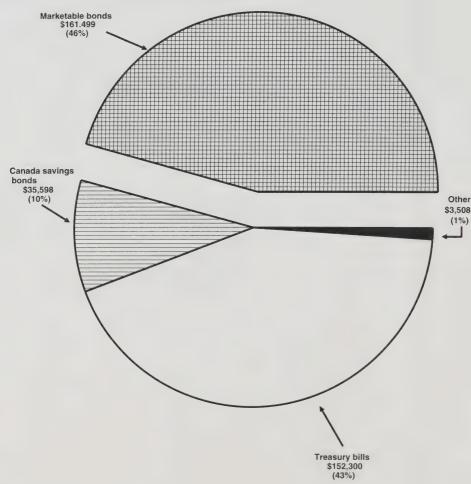
Unmatured debt represents financial obligations resulting from certificates of indebtedness issued by the Government of Canada that have not yet become due.

The Government's holdings of its own securities have been deducted from unmatured debt, to report the amount of the Government's liabilities to outside parties.

Some tables in this section present the continuity of accounts, by showing the opening and closing balances, as well as issues and retirements.

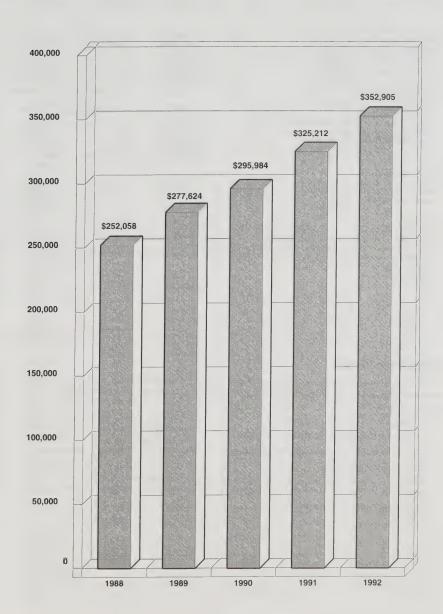
Chart A presents unmatured debt by category for the current fiscal year while Chart B compares unmatured debt for the last five fiscal years. Table 10.1 presents the transactions and year-end balances of unmatured debt.

CHART A
UNMATURED DEBT (1)
(in millions of dollars)



<sup>(1)</sup> Gross basis





### **TABLE 10.1**

#### UNMATURED DEBT

	April 1/1991	Issues	Retirements	March 31/1992
	\$	\$	\$	\$
Payable in Canadian currency—				
Marketable bonds, Table 10.2	143,599,900,324	27,780,277,722	13,318,478,000	158,061,700,046
Canada savings bonds, Table 10.3	34,444,175,300	9,600,674,800	8,446,998,400	35,597,851,700
Special non-marketable bonds issued to the Canada Pension				
Plan Investment Fund, Table 10.4	3,492,216,000	15,763,000	6,540,000	3,501,439,000
Treasury bills, Table 10.5	139,150,000,000	347,400,000,000	334,250,000,000	152,300,000,000
	320,686,291,624	384,796,715,522	356,022,016,400	349,460,990,746
Less: Government's holdings of unmatured debt-				
Marketable bonds	114,984,000	59,650,000	163,950,000	10,684,000
Canada savings bonds held on account of				
employees	131,261,828	49,721,139	106,769,799	74,213,168
Canada savings bonds held on account of the Payroll Savings			.,,	,,
	956,167,800	1,472,072,500	1,571,634,800	856,605,500
Plan	106,876,000	-,,,-	28,304,000	78,572,000
Constitution adjustment (1777)	1,309,289,628	1,581,443,639	1,870,658,599	1,020,074,668
	319,377,001,996	383,215,271,883	354,151,357,801	348,440,916,078
Payable in foreign currencies—				
Marketable bonds, Table 10.2	3,503,704,671	117,588,720	184,696,378	3,436,597,013
Notes and loans, Table 10.6	13,892,400	160,200	6,917,400	7,135,200
Canada bills, Table 10.7	1,008,071,906	3,081,094,125	4,089,166,031	
	4,525,668,977	3,198,843,045	4,280,779,809	3,443,732,213
Total unmatured debt	323,902,670,973	386,414,114,928	358,432,137,610	351,884,648,291

Note: this table includes unmatured debt issued by the Government of Canada. Borrowings of agent enterprise Crown corporations which are unconditional obligations of the Government, but not included in unmatured debt, can be found in Table 10.11.

## Marketable Bonds

Marketable bonds are interest-bearing certificates of indebtedness issued by the Government of Canada, and have the following characteristics:

- -bought and sold on the open market;
- -payable in Canadian or foreign currency;
- -subject to call or redemption before maturity;
- -fixed dates of maturity;
- interest payable either in coupon or registered form; and,
- -face value guaranteed at maturity.

Registered marketable bonds are transferable by endorsement and delivery by one holder to another. Bearer marketable bonds need not be endorsed.

Table 10.2 presents a summary of the balances and transactions for marketable bonds. Since most of the marketable bonds are not subject to call or redemption before maturity, exceptions only are noted in the table.

The year-end balances of marketable bonds payable in foreign currencies were translated into Canadian dollars using the closing rates of exchange at March 31, 1992.

<sup>(1)</sup> Certain Crown corporations are part of the Government's reporting entity. Additional information is provided in Section 5 of this volume and in the audited financial statements (Section 2 of this volume).

**TABLE 10.2**MARKETABLE BONDS

Maturity date	%	Issue date	Series	April 1/1991	Issues <sup>(1)</sup>	Retirements <sup>(1)</sup>	March 31/1992
				\$	\$	\$	\$
ayable in Canadian c	irrency—						
Matured 1991-92							
1991—May 1	9.75	Feb 6/86-Mar 15/86					
1771 111119 1	2.75	Dec 15/87	H75	825,000,000		825,000,000	
May 1	14.5	May 1/81	J62	490,857,000		490,857,000	
June 1	11	May 1/85-May 22/85	H57	425,000,000		425,000,000	
June 6	10.5	June 6/89	A24	550,000,000		550,000,000	
July 1	8.5	Apr 28/86-May 22/86					
		June 12/86-July 3/86					
		July 24/86	H83	1,700,000,000		1,700,000,000	
Sept 1	9	July 23/87-Feb 25/88					
		Apr 14/88-Aug 4/88	A7	1,725,000,000		1,725,000,000	
Sept 6	10.25	Sept 6/89	A26	800,000,000		800,000,000	
Oct 1	18	Oct 15/81	J73	392,685,000		392,685,000	
Dec 6	10.5	Dec 6/89	A28	900,000,000		900,000,000	
Dec 15	11.5	Dec 15/84	H47	225,000,000		225,000,000	
Dec 15	8.75	Sept 2/86-Oct 1/86					
		Oct 23/86-Nov 12/86					
		July 1/87	H89	1,850,000,000		1,850,000,000	
1992-Feb 1	15.5	Feb 1/82-Aug 1/82	J76	1,246,186,000		1,246,186,000	
Mar 1	8.5	Jan 6/87-May 1/87	H94	1,025,000,000		1,025,000,000	
Mar 6	11.5	Mar 6/90	A31	1,000,000,000		1,000,000,000	
171411 0	1110	11111 0/70	1101	13,154,728,000		13,154,728,000	
				73,734,720,000		13,134,720,000	
Maturing 1992-93							
1992—Apr 1	7.75	Mar 12/87	A1	600,000,000			600,000,000
June 1	10.25	June 12/85-July 1/85		,,			,,
Julio 1	10.25	July 23/85-Sept 1/85					
		Sept 24/87-Oct 15/87	7761	1 050 000 000			1 050 000 00
		Sept 1/88	H61	1,850,000,000			1,850,000,000
June 1	15	June 1/82	J82	200,000,000			200,000,000
June 6	12.25	June 6/90	A35	1,000,000,000			1,000,000,000
July 1	9.25	May 21/87-Aug 13/87					
·		Sept 1/87-June 1/88					
		Oct 1/89	A4	1,400,000,000			1,400,000,000
July 1	15	July 1/82	J85	398,789,000			398,789,000
Sept 1	5.75	Sept 1/66-Dec 15/66	305	370,707,000			390,709,000
Sept 1	3.73		r.	225 000 000			225 000 000
		Feb 1/67	F6	225,000,000			225,000,000
Sept 1	14.25	Sept 1/82	J88	648,917,000			648,917,000
Sept 5	10.75	Sept 5/90	A36	1,200,000,000			1,200,000,000
Oct 15	13.5	Oct 15/82	J91	400,000,000			400,000,000
Nov 15	12.75	Nov 1/82	J93	500,000,000			500,000,000
Dec 5	10.25	Dec 5/90	A38	1,300,000,000			1,300,000,000
Dec 15	11.75	Nov 22/82-Dec 15/82					
200.0	11110	Aug 1/83-Sept 1/83	J95	2,050,000,000			2,050,000,000
1993—Feb 1	11.25	Feb 1/83-Mar 15/83	373	2,030,000,000			2,030,000,000
1993—Feb 1	11.25		700	1 050 000 000			1.050.000.000
		Apr 27/83-July 12/83	J99	1,850,000,000			1,850,000,000
Mar 5	9.25	Mar 5/91	A41	1,300,000,000			1,300,000,000
				14,922,706,000			14,922,706,000
Maturing 1993-94							
	10.25	I 25/00 F-1- 1/00	4.20	025 000 000			025 000 000
1993—Apr 1	10.25	Jan 25/90-Feb 1/90	A29	925,000,000			925,000,000
May 1	10.75	May 15/83-June 21/83					
		Nov 5/87-Mar 15/89					
		Mar 15/90	H3	1,725,000,000			1,725,000,000
June 1	15.25	June 1/81-July 31/81	J65	895,006,000			895,006,000
June 6	9	June 6/91	A44		1,350,000,000		1,350,000,000
July 1	8.75	Feb 18/88-Mar 15/88			1,550,000,000		1,000,000,000
July 1	0.75		A13	1,625,000,000			1,625,000,000
7	14.75	May 5/88					
July 1	14.75	July 1/81	J69	445,459,000			445,459,000
Sept 1	9.5	June 23/88-July 21/88					
		Oct 15/88-Oct 31/88					
		Dec 15/88-Oct 19/89					
		Dec 15/89	A16	2,450,000,000			2,450,000,000
Sept 6	8.75	Sept 6/91	A46	_, ,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,	1,400,000,000		1,400,000,000
Oct 15	11.75	Sept 27/83-Oct 15/83	7170		2,700,000,000		1,700,000,000
	11.73						
001.15		Feb 1/84-Apr 26/90					
301.15		1.4 1.000 1 1.000					
Dec 6	7	May 1/90-Aug 1/90 Dec 6/91	H8 A48	2,125,000,000	1,400,000,000		2,125,000,000 1,400,000,000

**TABLE 10.2**MARKETABLE BONDS—Continued

Maturity date	%	Issue date	Series	April 1/1991	Issues <sup>(1)</sup>	Retirements <sup>(1)</sup>	March 31/1992
				\$	\$	\$	\$
Dec 15	11.5	Nov 8/83-Dec 15/83					
		Feb 21/84	H12	850,000,000			850,000,000
1994-Feb 1	8.75	Dec 15/86	H93	250,000,000			250,000,000
Feb 1	10.25	Jan 5/89-Fev 9/89					
		Oct 1/90-Oct 18/90					
		Dec 15/90-Feb 1/91	A21	2,350,000,000			2,350,000,000
Mar 1	8.25	Jan 29/87-Feb 19/87					
		Mar 15/87	H96	800,000,000			800,000,000
Mar 1	12	Mar 13/84-Apr 10/85	H17	700,000,000			700,000,000
Mar 6	7.5	Mar 6/92	A51	, , , , , , , , , , , , , , , , , , , ,	1,000,000,000		1,000,000,000
11101 0				15,140,465,000	5,150,000,000		20,290,465,000
Maturing 1994-95							
1994—Apr 1	13	Apr 1/84-May 1/84					
		Aug 22/84	H21	1,025,000,000			1,025,000,000
May 15	13.75	June 1/84-July 11/84					
		Aug 1/84	H25	1,200,000,000			1,200,000,000
June 15	9.5	June 15/74-July 1/75					
		Aug 15/75-June 1/76					
		Aug 1/76-Apr 1/77	F85	639,770,000		29,250,000	610,520,000
July 15	7.75	Apr 16/87	A3	400,000,000			400,000,000
July 15	13.5	June 19/84	H29	250,000,000			250,000,000
Oct 1	9.25	June 18/87-July 30/87					
		Feb 1/88-Apr 14/88					
		July 1/89-Aug 1/89					
		Feb 21/91	A6	2,525,000,000			2,525,000,000
Oct 1	12.75	Sept 12/84	H39	475,000,000			475,000,000
Dec 1	6.25	Dec 1/67	F23	125,000			125,000
Dec 15	12.5	Oct 1/84-Oct 24/84	H42	900,000,000			900,000,000
Dec 15	9.25	Aug 24/89-Oct 1/89	1142	500,000,000			500,000,000
Dec 15	9.23						
		Nov 1/89-July 1/91	A25	1,625,000,000	75,000,000		1 700 000 000
1995Feb 1	11 6	Sept 1/91 Feb 1/85	H51		/5,000,000		1,700,000,000
	11.5			375,000,000			375,000,000
Feb 1	12.25	Nov 14/84-Mar 19/85	H44	725,000,000			725,000,000
Mar 1	10	Jan 5/88-June 1/88					
		Aug 11/88-Dec 15/89					
		Feb 1/90-Feb 26/90	A12	2,800,000,000			2,800,000,000
Mar 1	11.75	Dec 15/84-May 1/90	H48	925,000,000			925,000,000
				13,864,895,000	75,000,000	29,250,000	13,910,645,000
Maturing 1995-96							
1995—Apr 1	11.25	Feb 19/85-May 1/85					
1333 Apr 1	11.20	May 22/85	H54	1,350,000,000			1 350 000 000
June 1	10.5	June 12/85-July 1/85	1134	1,330,000,000			1,350,000,000
Julie 1	10.5	July 23/85-Sept 1/85					
		Mar 15/90-April 11/90	H62	3,100,000,000			2 100 000 000
0-4.1	6.5	Oct 1/68		100,000,000			3,100,000,000
Oct 1			F33	100,000,000			100,000,000
Oct 1	10	Oct 1/75-Dec 15/75	505	CEO 350 000		6.005.000	
D 15	10.75	Feb 1/76-Apr 1/76	F97	658,750,000		6,375,000	652,375,000
Dec 15	10.75	Oct 1/85-Oct 23/85					
		Nov 15/85-Mar 15/89					
		July 26/90-Aug 1/90					
		Aug 28/90	H67	3,050,000,000			3,050,000,000
1996-Mar 1	10.25	Feb 6/86-Dec 15/87					
		Sept 22/88-Oct 1/90					
		Dec 15/90-Feb 1/91					
		Feb 14/91	H76	2,600,000,000			2,600,000,000
				10,858,750,000		6,375,000	10,852,375,000
1000 07							
Maturing 1996-97	0.25	A 10/06 I 1/07					
1996May 1	9.25	Apr 10/86-June 1/87					
		July 1/87-Mar 31/88	1100	2 200 000 000			2 200 000
	0.55	July 27/89-Aug 31/89	H80	3,300,000,000			3,300,000,000
June 1	8.75	Apr 28/86-May 22/86					
		July 24/86-Oct 1/86					
		Dec 15/86-May 1/87	H84	2,175,000,000			2,175,000,000
Sept 15	3	Sept 15/36	P1	55,000,000			55,000,000
Oct 1	9.25	May 1/91-June 20/91					
		July 1/91-Sept 1/91					
		Sept 19/91	A42		3,425,000,000		3,425,000,000

TABLE 10.2

MARKETABLE BONDS—Continued

laturity date	%	Issue date	Series	April 1/1991	Issues <sup>(1)</sup>	Retirements <sup>(1)</sup>	March 31/1992
				\$	\$	\$	\$
1997-Mar 1	8.25	Jan 29/87-Feb 19/87					
		Mar 15/87-Oct 31/91					
		Nov 28/91-Dec 15/91	H97	1,125,000,000	2,275,000,000		3,400,000,00
				6,655,000,000	5,700,000,000		12,355,000,00
Maturing 1997-98							
1997—May 15	9.25	May 15/77-July 1/77					
		Sept 1/77-Feb 1/78	J9	906,000,000		30,000,000	876,000,00
July 1	7.50	Feb 1/92	A50		1,200,000,000		1,200,000,00
Oct 1	9.75	Aug 13/87-Sept 1/87					
		Nov 15/87-Feb 1/88					
		May 12/88-Jan 4/90 Feb 21/91	A8	2,775,000,000			2 555 000 00
(2) 1998—Mar 15	3.75	Sept 15/56	T15	197,045,000			2,775,000,00 197,045,00
Mar 15	10.75	Oct 15/87-Mar 15/89	115	197,043,000			197,043,00
14141 15	10.75	Apr 13/89-Aug 16/90	A10	2,225,000,000			2,225,000,00
		1.41.10101.1148.10110		6,103,045,000	1,200,000,000	30,000,000	7,273,045,00
M 1000 00							
Maturing 1998-99 1998—Oct 1	9.5	June 30/88- July 21/88					
1990	9.3	Nov 15/88-July 1/89					
		Aug 15/91	A17	2,200,000,000	900,000,000		3,100,000,00
Dec 1	10.25	Sept 1/88-Oct 15/88		2,200,000,000	700,000,000		3,100,000,00
		Dec 15/88-Jan 26/89	A18	2,275,000,000			2,275,000,00
				4,475,000,000	900,000,000		5,375,000,00
Maturing 1999-2000	)						
1999—Oct 15	9	Oct 15/77-Dec 15/77	J13	545,625,000		18,125,000	527,500,00
Dec 1	13.5	Dec 1/80	J53	400,000,000		10,125,000	400,000,00
Dec 1	9.25	Sept 21/89-Oct 1/89		,			100,000,00
		Nov 16/89-Dec 15/89	A27	2,825,000,000			2,825,000,00
2000-Mar 15	13.75	Mar 31/80-Mar 1/81					
		Mar 31/81-Oct 15/82	J39	1,050,000,000			1,050,000,00
				4,820,625,000		18,125,000	4,802,500,000
Maturing 2000-01							
2000May 1	9.75	Feb 1/90-Feb 15/90	A30	1,575,000,000			1,575,000,000
July 1	10.5	Mar 15/90-Mar 29/90					
		June 21/90-Aug 1/90	A32	2,900,000,000			2,900,000,000
July 1	15	July 1/81	J70	175,000,000			175,000,000
Sept 1	11.5	May 1/90-Nov 1/90	A33	1,200,000,000			1,200,000,000
Dec 15	9.75	Dec 15/78	J22	509,375,000		9,375,000	500,000,000
2001—Feb 1	15.75 10.5	June 1/81-July 31/81	J66	425,000,000			425,000,000
Mar 1	10.5	Sept 20/90-Oct 1/90 Dec 15/90-Feb 1/91	A37	3,175,000,000			3,175,000,000
		1500 15/70-1 00 1/71	1457	9,959,375,000		9,375,000	9,950,000,000
				7,757,575,000		7,575,000	2,200,000,000
Maturing 2001-02	10	1000 0 1100					
2001May 1	13	May 1/80-Oct 1/80	140	1 225 000 000			1 225 000 000
June 1	9.75	Feb 1/81 Feb 21/91-Mar 1/91	J42	1,325,000,000			1,325,000,000
June 1	9.73	Mar 28/91-May 16/91	A40	2,600,000,000	950,000,000		3,550,000,000
Oct 1	9.5	Oct 1/76-Dec 1/76	1140	2,000,000,000	220,000,000		5,550,000,000
00.1	,,,,	Apr 1/78-May 15/78					
		July 1/78	J2	1,273,375,000		40,625,000	1,232,750,000
Dec 1	9.75	July 1/91-July 18/91					
		Sept 1/91-Oct 1/91	A45		3,850,000,000		3,850,000,000
2002—Feb 1	8.75	Feb 1/77	J7	220,500,000		7,500,000	213,000,000
Mar 15	15.5	Mar 31/82-May 1/82	J79	350,000,000		10.10.00	350,000,000
				5,768,875,000	4,800,000,000	48,125,000	10,520,750,000
Maturing 2002-03							
2002—Apr 1	8.5	Nov 14/91-Dec 15/91					
		Mar 1/92	A47		2,950,000,000		2,950,000,000
May 1	10	May 1/79-June 1/79		4 0 5 0 0 0 0 0 0 0			
F 15	11.25	July 15/79	J25	1,850,000,000			1,850,000,000
Dec 15	11.25	Dec 15/79-July 1/80	124	1 625 000 000			1 625 000 000
2003 Eab 1	11.75	May 15/83 Feb 1/80-June 1/80	J34	1,625,000,000			1,625,000,000
2003—Feb 1	11./3	Aug 1/80-Feb 1/83					
		Apr 27/83-June 21/83					
		July 12/83	J35	2,700,000,000			2,700,000,000

UNMATURED DEBT 10.7

TABLE 10.2

MARKETABLE BONDS—Continued

Maturity date	%	Issue date	Series	April 1/1991	Issues <sup>(1)</sup>	Retirements <sup>(1)</sup>	March 31/1992
				\$	\$	\$	\$
Maturing 2003-04							
2003—Oct 1 2004—Feb 1	9.5 10.25	Aug 15/78-Oct 1/78 Feb 1/79-Mar 15/79	J18	693,000,000		22,500,000	670,500,000
2004—160 1	10.23	Mar 21/79-Aug 15/79	J24	2,200,000,000			2,200,000,000
				2,893,000,000		22,500,000	2,870,500,000
Maturing 2004-05							
2004—June 1	13.5	Apr 1/84-May 1/84	H22	550,000,000			550,000,000
Oct 1	10.5	Oct 1/79-Dec 15/87	J30	875,000,000			875,000,000
2005—Mar 1	12	Oct 15/83-Nov 8/83 Dec 15/83-Feb 1/84					
		Feb 21/84-Dec 15/84	Н9	1,775,000,000			1,775,000,000
				3,200,000,000			3,200,000,000
Maturing 2005-06							
2005Sept 1	12.25	Aug 1/83-Sept 1/83					
2006—Mar 1	12.5	Sept 27/83-Apr 10/85 Mar 13/84-Nov 14/84	H6	1,375,000,000			1,375,000,000
2000—Iviai 1	12.3	Mar 19/85	H18	975,000,000			975,000,000
				2,350,000,000			2,350,000,000
Maturing 2006-07							
2006Oct 1	14	June 1/84-July 11/84					
		Aug 1/84	H26	1,025,000,000			1,025,000,000
2007—Mar 1	13.75	June 19/84	H30	325,000,000 1,350,000,000			325,000,000 1,350,000,000
				1,550,000,000			1,330,000,000
Maturing 2007-08 2007—Oct 1	13	Aug 22/84-Sept 12/84	H36	700,000,000			700 000 000
2008—Mar 1	12.75	Oct 1/84-Oct 24/84	H41	750,000,000			700,000,000 750,000,000
				1,450,000,000			1,450,000,000
Maturing 2008-09							
2008—June 1	10	Dec 15/85-Sept 1/87					
		Feb 1/88-Apr 14/88					
		June 1/88-July 21/88 Oct 15/88-Dec 15/88					
		Feb 23/89-June 1/89	H74	3,450,000,000			3,450,000,000
Oct 1	11.75	Feb 1/85-May 1/85	H52	725,000,000			725,000,000
2009Mar 1	11.5	May 22/85	H58	400,000,000 4,575,000,000			400,000,000 4,575,000,000
				4,373,000,000			4,575,000,000
Maturing 2009-10 2009June 1	11	Oct 1/85-Oct 23/85					
2007—Julie 1	* *	Oct 15/87	H68	925,000,000			925,000,000
Oct 1	10.75	June 12/85-July 1/85					
2010 M1	0.75	Sept 1/85-Sept 1/88	H63 H79	1,300,000,000			1,300,000,000
2010—Mar 1	9.75	Mar 15/86	П/9	325,000,000 2,550,000,000			325,000,000 2,550,000,000
Maturing 2010-11							
2010—June 1	9.5	Apr 10/86-July 1/87					
		July 1/89-Aug 10/89					
		Oct 1/89-Dec 15/89	****				
Oct 1	8.75	Feb 1/90 Apr 28/86	H81 H85	2,975,000,000 325,000,000			2,975,000,000 325,000,000
2011—Mar 1	9	July 3/86-Sept 2/86	1105	323,000,000			323,000,000
		Oct 23/86-Dec 15/86					
		May 1/87-Mar 15/88	H87	1,975,000,000			1,975,000,000
				5,275,000,000			5,275,000,000
Maturing 2011-12 2011—June 1	8.5	Feb 19/87-Mar 15/87	H98	750,000,000			750 000 000
2011—June 1	0.0	reu 19/6/-Mai 13/6/	F196	730,000,000			750,000,000
Maturing 2013-14							
2014—Mar 15	10.25	Mar 15/89-Mar 30/89					
		Mar 15/90-July 1/90 Aug 1/90-Feb 21/91	A23	3,150,000,000			3,150,000,000
Maturing 2015-16			. 120	5,700,000,000			2,120,000,000
2015June 1	11.25	May 1/90-May 31/90 Oct 1/90-Nov 15/90	A34	2,350,000,000			
							2,350,000,000

TABLE 10.2

MARKETABLE BONDS—Concluded

Maturity date	%	Issue date	Series	April 1/1991	Issues <sup>(1)</sup>	Retirements <sup>(1)</sup>	March 31/1992
				\$	\$	\$	\$
Maturing 2019-20 2019—Dec 31	10.186	Mar 23/90	M1	8,436,324			8,436,324
Maturing 2020-21 2021—Mar 15	10.5	Dec 15/90-Jan 9/91 Feb 1/91	A39	1,800,000,000			1,800,000,000
Maturing 2021-22 2021—June 1	9.75	May 9/91-June 1/91 July 1/91-Aug 1/91					
(4)		Sept 1/91-Oct 17/91	A43		4,650,000,000		4,650,000,000
Dec 1	4.25	Dec 10/91	L25		705,277,722 5,355,277,722		705,277,722 5,355,277,722
					5,555,277,722		3,333,277,722
Maturing 2022-23 2022—June 1	9.25	Dec 15/91-Jan 3/92	A49		1,650,000,000		1,650,000,000
Total marketable bor	nds (Canad	ian currency)	-	143,599,900,324	27,780,277,722	13,318,478,000	158,061,700,046
Payable in foreign curre United States dollars			_				
1995—July 15	10.125	July 15/85		148,272,428	4,034,362		152,306,790
Nov 21	10	Nov 21/85		578,850,000	15,750,000		594,600,000
(2) 1996—Feb 27	9	Feb 27/86		1,157,700,000	31,500,000		1,189,200,000
1998—Apr 1	8.625	Apr 1/78		184,236,378		184,236,378	
				2,069,058,806	51,284,362	184,236,378	1,936,106,790
Swiss francs—							
1992—May 10	5.25	May 10/84		159,180,000		460,000	158,720,000
Japanese yen-							
(3) 1992—June 25	4.375	June 25/87		644,089,645	17,525,113		661,614,758
1993—July 23	5.625	July 23/86		631,376,220	48,779,245		680,155,465
			_	1,275,465,865	66,304,358		1,341,770,223
Total marketable bor	ds (foreign	currencies)		3,503,704,671	117,588,720	184,696,378	3,436,597,013
Treed				147,103,604,995	27,897,866,442	13,503,174,378	161,498,297,059

<sup>(1)</sup> Issues and retirements of the marketable bonds payable in foreign currencies include the translation of these currencies to Canadian dollars using closing rates of exchange at March 31.

<sup>(2)</sup> Subject to redemption before maturity.

<sup>(3)</sup> While the terms of the issue remain unaltered from the bondholders' perspective, the Government's Japanese yen liability was converted through a "currency swap" into a floating rate U.S. dollar liability which is based on 6-month London Inter-bank Offered Rate (LIBOR).

<sup>(4)</sup> The rate of return of this issue is linked to the Consumer Price Index for Canada.

## Canada Savings Bonds

Canada savings bonds are interest-bearing certificates of indebtedness issued by the Government of Canada, and have the following characteristics:

- -issued to Canadian residents;
- -issued in Canadian currency only;
- -registered in the name of the holder;
- -fixed dates of maturity;
- -not marketable;
- —redeemable on demand by the holder, with accrued interest calculated to the end of the previous month;
- -not subject to call before maturity; and,
- -term to maturity of seven years or more.

Table 10.3 presents a summary of the balances and transactions for Canada savings bonds.

TABLE 10.3
CANADA SAVINGS BONDS

Maturity date	%	Issue date	Series	April 1/1991	Issues	Retirements	March 31/1992
				\$	\$	\$	\$
1991—Nov 1	10.5-11.5-10.75	1984-85	S39	3,416,677,200		3,416,677,200	
1992-Nov 1	10.75-7.5	1985-86	S40	4,597,583,400		386,051,200	4,211,532,200
1993-Nov 1	10.75-7.5	1986-87	S41	2,794,811,200		231,820,600	2,562,990,600
1997-Nov 1	10.75-7.5	1987-88	S42	6,143,529,700		576,676,700	5,566,853,000
1998Nov 1	10.75-7.5	1988-89	S43	5,925,562,600		612,428,400	5,313,134,200
2001-Nov 1	10.75-7.5	1989-90	S44	5,047,975,700		705,208,900	4,342,766,800
2002-Nov 1	10.75-7.5	1990-91	S45	6,518,035,500		2,136,333,200	4,381,702,300
2003-Nov 1	7.5	1991-92	S46 <sup>(1)</sup>		9,600,674,800	381,802,200	9,218,872,600
Total				34,444,175,300	9,600,674,800	8,446,998,400	35,597,851,700

<sup>(1)</sup> S46 includes bonds related to Government's participation in the Canada savings bonds Payroll Savings Plan.

## Special Non-Marketable Bonds

Special non-marketable bonds are interest-bearing certificates of indebtedness issued by the Government of Canada exclusively to the Canada Pension Plan Investment Fund, and have the following characteristics:

- -not negotiable;
- -not transferable;
- -not assignable;
- -issued in Canadian currency only;
- —term to maturity of 20 years or less;
- -interest payable semi-annually; and,
- -redeemable at face value plus accrued interest.

Table 10.4 presents a summary of the balances and transactions for these special non-marketable bonds.

**TABLE 10.4**SPECIAL NON-MARKETABLE BONDS

	April 1/1991	Issues	Retirements	March 31/1992
	\$	\$	\$	\$
Canada Pension Plan Investment Fund—				
Matured 1991-92	6,540,000		6,540,000	
Maturing 1992-93	7,112,000			7,112,000
1993-94	7,907,000			7,907,000
1994-95	9,087,000			9,087,000
1995-96	10,217,000			10,217,000
1996-97	10,651,000			10,651,000
1997-98	11,351,000			11,351,000
1998-99	12,015,000			12,015,000
1999-2000	17,709,000			17,709,000
2000-01	22.971.000			22,971,000
2001-02	17,622,000			17.622.000
2002-03	17,414,000			17,414,000
2003-04	17,259,000			17,259,000
2004-05	16.661.000			16,661,000
2005-06	239,955,000			239,955,000
2006-07	1,352,282,000			1,352,282,000
2007-08	699,981,000			699.981.000
2008-09	519,360,000			519.360.000
2009-10	71,112,000			71,112,000
2010-11	425,010,000			425,010,000
2011-12	, -,,	15,763,000		15,763,000
tal	3,492,216,000	15,763,000	6,540,000	3,501,439,000

## **Treasury Bills**

Treasury bills are short-term certificates of indebtedness issued by the Government of Canada to pay sums of money on given dates, and have the following characteristics:

- -issued at a discount in lieu of interest payments;
- -common terms: 3 months, 6 months and 12 months;
- -issued in Canadian currency only;
- -transferable; and,
- -bought and sold on the open market.

Three-month and six-month bills are usually issued weekly, while other bills are issued every two weeks, usually for periods of one year or less.

The balance at March 31, 1992 consists of \$3,000 million in odd issue bills; \$47,100 million in three-month bills; \$45,600 million in six-month bills; and, \$56,600 million in 364-day bills.

Table 10.5 presents a monthly summary of Treasury bill issues and redemptions.

TABLE 10.5
TREASURY BILL ISSUES AND REDEMPTIONS (in millions of dollars)

		Issu	ies			R	Redemptions		
	3 month bills	6 month bills	Other bills	Total	3 month bills	6 month bills	Other bills	Total	Net change
April, 1991	13,400	7,150	6,000	26,550	13,400	6,200	3,200	22,800	3,750
May	16,550	8,050	7,750	32,350	15,850	8,400	7,750	32,000	350
June	14,700	7,100	4,700	26,500	14,450	7,400	3,600	25,450	1,050
July	15,400	7,400	5,700	28,500	13,400	7,100	5,850	26,350	2,150
August	18,000	8,800	6,500	33,300	16,550	8,000	5,600	30,150	3,150
September	14,400	7,200	6,100	27,700	14,700	7,400	5,000	27,100	600
October	13,100	6,500	5,800	25,400	15,400	7,150	4,000	26,550	-1,150
November	17,600	8,500	5,300	31,400	18,000	8,050	6,500	32,550	-1,150
December	14,000	7,200	5,500	26,700	14,400	7,100	5,500	27,000	-300
anuary, 1992	18,200	9,000	7,000	34,200	17,100	9,100	6,200	32,400	1,800
February	13,900	6,900	5,150	25,950	13,600	7,100	4,400	25,100	850
March	15,000	7,500	6,350	28,850	14,000	7,200	5,600	26,800	2,050
	184,250	91,300	71,850	347,400	180,850	90,200	63,200	334,250	13,150
Balance at April 1, 1991									139,150
Balance at March 31, 1992									152,300

## Notes and Loans

This account records borrowings of Canadair Financial Corporation Inc (now called Cartierville Financial Corporation Inc) which were directly assumed by the Government of Canada pursuant to Regional Industrial Expansion Vote 7c, Appropriation Act No. 4, 1984-85.

The balance at March 31, 1992 consist of notes of \$6,000,000 US (\$7,135,200 Cdn), assumed from Canadair Financial Corporation Inc (now called Cartierville Financial Corporation Inc).

The foreign currency balance was translated into Canadian dollars using the year-end closing rate of exchange at March 31, 1992.

Table 10.6 presents a summary of the balances and transactions for the notes and loans.

**TABLE 10.6** 

### NOTES AND LOANS

Maturity date	%	Issue date	April 1/1991	Issues <sup>(1)</sup>	Retirements <sup>(1)</sup>	March 31/1992
			\$	\$	\$	\$
Payable in United States dollars— Debts assumed from Canadair Financial Corporation Inc <sup>(2)</sup> — 1992—April 26	8.5	April 26/82	13,892,400	160,200	6,917,400	7,135,200

<sup>(1)</sup> Issues and retirements include the translation of foreign currencies to Canadian dollars using closing rates of exchange at March 31.

(2) Subject to redemption before maturity.

## Canada Bills

Canada bills are short-term certificates of indebtedness issued by the Government of Canada in the United States money markets under the Government's foreign currency borrowing program. Canada bills provide Canada with an additional source of short-term US funds and have the following characteristics:

- -issued at a discount in lieu of interest payments;
- -term to maturity of not more than 270 days;
- -transferable; and,
- -bought and sold on the open market.

Table 10.7 presents a monthly summary of Canada bill issues and redemptions.

As of March 31, 1992, all Canada bills have been redeemed.

**TABLE 10.7** 

## CANADA BILL ISSUES AND REDEMPTIONS

	Issues	Redemptions	Net change
	\$	\$	\$
April, 1991	729,626,793	712,125,795	17,500,998
May	578,736,337	644,084,481	-65,348,144
une	301,182,082	379,904,283	-78,722,201
uly	469,168,164	457,164,820	12,003,344
ugust	670,721,126	590,066,091	80,655,035
eptember	331,659,623	643,835,870	-312,176,247
ctober		465,164,943	-465,164,943
ovember		79,093,312	-79,093,312
ecember		73,875,785	-73,875,785
anuary, 1992		13,671,880	-13,671,880
ebruary farch		30,178,771	-30,178,771
	3,081,094,125	4,089,166,031	-1,008,071,906
alance at April 1, 1991			1,008,071,906
alance at March 31, 1992			

## SUPPLEMENTARY STATEMENTS

## **Interest Rates**

Table 10.8 sets out unmatured debt as at March 31, for each of the years 1987-88 to 1991-92 inclusive, with the average rate of interest thereon. For purposes of comparison, unmatured debt is classified as to marketable bonds, non-marketable bonds (include Canada savings bonds and the Canada Pension Plan Investment Fund), Treasury bills, notes and loans, and Canada bills.

**TABLE 10.8** 

## UNMATURED DEBT AS AT MARCH 31, FROM 1988 TO 1992, WITH THE AVERAGE RATE OF INTEREST THEREON

			N	on-marke	etable bonds									
	Marketab	ole bonds		nada s bonds	Can Pensio Inves Fu	n Plan Iment	Treasu	ry bills	Notes a	nd loans	Canad	a bills	Tot unmatur (gro	ed debt
	Amount out- standing	Average interest rate	Amount out- standing	Average interest rate	Amount out- standing	Average interest rate	Amount out- standing	Average interest rate	Amount out- standing	Average interest rate	Amount out- standing	Average interest rate	Amount out- standing	Average interest rate
	\$(millions)	%	\$(millions)	%	\$(millions)	%	\$(millions)	%	\$(millions)	%	\$(millions)	%	\$(millions)	%
1992	161,499	10.25	35,598	7.50	3,501	10.19	152,300	7.68	7	8.50			352,905	8.86
1991	147,104	10.52	34,444	10.75	3,492	10.19	139,150	10.97	14	8.50	1,008	6.42	325,212	10.72
1990	131,810	10.48	40,929	10.50	3,072	10.03	118,550	12.32	177	5.53	1,446	8.20	295,984	11.20
1989	121,121	10.61	47,756	10.50	3,005	10.03	102,700	11.30	1,911	8.73	1,131	9.41	277,624	10.82
1988	110,222	10.62	53,323	9.18	2,492	9.98	81,050	8.57	3,926	8.73	1,045	6.77	252,058	9.61

Where various rates of interest are applicable, the interest rate in effect at March 31 is used.

Table 10.9 shows the average high and low yields of Treasury bills, at tender, together with the average yield on the latest issues for the years 1987-88 to 1991-92 inclusively.

**TABLE 10.9**TREASURY BILLS AVERAGE YIELDS AT TENDER

	High	Low	Last issu
Year ended March 31	%	%	%
Three-month bills—			
1992	9.56	6.83	7.24
1991	13.80	9.66	9.67
1990	13.26	11.89	13.26
1989	12.15	8.63	12.14
1988	9.58	6.90	8.53
Six-month bills			
1992	9.41	6.84	7.41
1991	13.84	9.54	9.66
1990	13.59	11.59	13.59
1989	12.76	8.93	12.58
1988	10.53	7.17	8.81
Other bills			
1992	9.62	6.90	7.14
1991	13.93	9.22	9.56
1990	13.51	10.97	13.51
1989	12.88	9.23	12.66
1988	11.10	7.38	9.02

## **Maturity of Government Debt**

Table 10.10 presents total unmatured debt arranged in order of maturity.

**TABLE 10.10** 

## MATURITY OF GOVERNMENT DEBT

			N	on-marke	etable bonds									
	Marketable bonds		Marketable bonds			nada s bonds	Car Pensio Inves Fu	n Plan tment	Treasu			unmatur	Total nmatured debt (gross)	
	Amount	Average interest rate	Amount	Average interest rate	Amount	Average interest rate	Amount	Average interest rate	Amount	Average interest rate	Amount	Average interest rate		
	\$(millions)	%	\$(millions)	%	\$(millions)	%	\$(millions)	%	\$(millions)	%	\$(millions)	%		
1993	15,743	10.61	4,211	7.50	7	7.36	152,300	7.68	7	8.50	172,268	7.95		
1994	20,971	9.88	2,563	7.50	8	7.53					23,542	9.62		
1995	13,911	10.82			9	8.55					13,920	10.82		
1996	12,788	10.36			10	8.94					12,798	10.36		
1997	12,355	8.86			11	9.00					12,366	8.86		
1998/2002	37,921	10.23	15,223	7.50	82	11.93					53,226	9.45		
2003/07	18,896	11.02	13,601	7.50	1,643	9.96					34,140	9.57		
2008/12	14,600	10.20			1,731	10.38					16,331	10.22		
2013/17	5,500	10.68									5,500	10.68		
2018/22	7,164	9.64									7,164	9.64		
2023	1,650	9.25									1,650	9.25		
	161,499	10.25	35,598	7.50	3,501	10.19	152,300	7.68	7	8.50	352,905	8.86		

Note: This table includes unmatured debt issued by the Government of Canada. Borrowings of agent enterprise Crown corporations which are unconditional obligations of the Government, but not included in unmatured debt, can be found in Table 10.11.

# Statement of all Borrowing Transactions on behalf of Her Majesty

Table 10.11 presents the information required by Section 49 of the Financial Administration Act. The borrowing transactions included in this table are: borrowings by the Government for general purposes, and borrowings by agent enterprise Crown corporations which are reported as such on the Government's Statement of Assets and Liabilities, except where the Government is the lender. Borrowings by non-agent enterprise Crown corporations are not included because such borrowings are not on behalf of Her Majesty.

## **TABLE 10.11**

## STATEMENT OF ALL BORROWING TRANSACTIONS ON BEHALF OF HER MAJESTY (in millions of dollars)

	April 1/1991	Issues/ Borrowings	Retirements	March 31/1992
Unmatured debt of the Government of Canada <sup>(1)</sup>	323,903	386,414	358,432	351,885
Her Majesty <sup>(2)</sup>	17,877	146,247	145,546	18,578
Total	341,780	532,661	503,978	370,463

<sup>(1)</sup> Details can be found in this section.

<sup>(2)</sup> Details can be found in Section 6 (Table 6.7) of this volume.

# section 11

1991-92 PUBLIC ACCOUNTS

## Other Information Related to the Financial Statements

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	Page
Other accounts reported on the Statement of Assets	
and Liabilities—	
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Cash	11.7
Accumulated deficit	11.9
Other information—	
Contractual commitments	11.11
Insurance programs of agent enterprise Crown corporations	11.15
Contingent liabilities	11.16

# OTHER ACCOUNTS REPORTED ON THE STATEMENT OF ASSETS AND LIABILITIES

This section contains information on accounts reported on the Statement of Assets and Liabilities, which are not included elsewhere in this volume. These accounts are:

- -accounts receivable;
- -cash in transit;
- -cash: and.
- -accumulated deficit.

## **Accounts Receivable**

Accounts receivable represent billed (but uncollected) and unbilled or accrued financial claims arising from amounts owed to a Government body for use of its assets, or from the proceeds for provision of services as of the accounting date. Non-tax revenue receivable is accounted for in the period the transactions or events give rise to the revenues.

Accounts receivable written off or forgiven are included in Section 3 of Volume II Part II (Statement of debts, obligations and claims written off or forgiven).

Accounts receivable for tax revenue are not recorded in the accounts of Canada. However, these amounts are reported on a memorandum basis and details of the balances are included in Section 4 of Volume II Part II.

Table 11.1 presents a summary of the balances and transactions for accounts receivable. Chart A compares accounts receivable for the last five fiscal years.

TABLE 11.1
ACCOUNTS RECEIVABLE

	April 1/1991	Credits	Charges	March 31/1992
	\$	\$	\$	\$
Non-tax revenue receivable <sup>(1)</sup>	2,454,000,000		1,123,724,696	3,577,724,696
Other receivables	309,284,000	309,284,000	293,000,000	293,000,000
Accounts receivable of consolidated Crown corporations (2)	401,815,000	64,307,000		337,508,000
Total	3,165,099,000	373,591,000	1,416,724,696	4,208,232,696

<sup>(1)</sup> Non-tax revenue receivable is net of an allowance for doubtful accounts of \$1,776 million for 1992 (\$1,508 million for 1991).

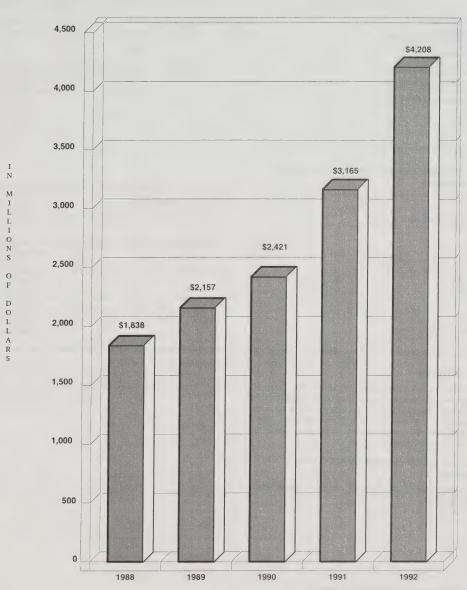
## Non-tax revenue receivable

This account records accrued financial claims arising from non-tax revenue amounts owed to the Government. Non-tax revenue receivable is to be accounted for in the period in which the transactions or events occurred that gave rise to the revenues.

Table 11.2 presents additional disclosure of information related to long-term accounts receivable for non-tax revenue. A long-term account receivable is defined as an account receivable not collectable until at least 12 months after the accounting date.

Table 11.3 presents the aging for non-tax revenue receivable (net of allowance for doubtful accounts) for the period over which claims at March 31, 1992 have been outstanding.

<sup>(2)</sup> Certain Crown corporations are part of the Government's reporting entity. Additional information is provided in Section 5 of this volume and in the audited financial statements (Section 2 of this volume).



OTHER INFORMATION RELATED TO THE FINANCIAL STATEMENTS

#### **TABLE 11.2**

## LONG-TERM ACCOUNTS RECEIVABLE FOR NON-TAX REVENUE

(in thousands of dollars)

			1991	
Categories of long-term accounts receivable for non-tax revenue	Gross accounts receivable	Allowance for doubtful accounts	Net accounts receivable	Net accounts receivable
Non-tax revenue receivable—				
Return on investments	554,255		554,255	376,829 *
Refunds of previous years'expenditure	817,489	220,518	596,971	434,403
Privileges, licences and permits	3,787	56	3,731	4,319
Services and service fees	4,117	3,856	261	2,761
Proceeds from sales	520		520	566
Other non-tax revenue receivable	612,698	261,291	351,407	5,621
Total non-tax revenue receivable	1,992,866	485,721	1,507,145	824.499 *

<sup>\*</sup> Comparative figures for the previous year have been restated.

TABLE 11.3
AGING FOR NON-TAX REVENUE RECEIVABLE

(in thousands of dollars)

		Translation of			
Categories of non-tax revenue receivable	0-30	31—60	61—90	Over 90	Total as at March 31,199
Return on investments	351,444	1,196	597	58,871	412,108
Proceeds from sales	3,539	3,698	926	3,235	11,398
Refunds of previous years'expenditure	30,238	15,498	37,147	184,809	267,692
Privileges, licences and permits	4,226	887	393	5,522	11,028
Services and service fees	220,157	53,278	63,133	60,455	397,023
Miscellaneous	65,927	14,847	40,016	523,052	643,842
	675,531	89,404	142,212	835,944	1,743,091
Other amounts					1,834,634
otal non-tax revenue receivable					
(net of allowance for doubtful accounts)					3,577,725

<sup>(1)</sup> This amount represents long-term accounts receivable and other amounts, which if included, would cause the aging schedule to be misleading.

## Other receivables

This account records public moneys received after March 31, but applicable to the year just ended. It includes refunds of old year expenditure received prior to the closing of the accounts, and receipts to be credited to non-tax revenue accounts, where the omission of the credits in the old year would tend to make the accounting incomplete or inconsistent.

# $\label{lem:counts} \begin{tabular}{ll} Accounts \ receivable \ of \ consolidated \ Crown \ corporations \end{tabular}$

This account records the financial claims of consolidated Crown corporations.

## Cash in Transit

Table 11.4 presents a summary of the balances and transactions for cash in transit. Chart B compares cash in transit for the last five fiscal years.

## **TABLE 11.4**

## **CASH IN TRANSIT**

	April 1/1991	Credits	Charges	March 31/1992
	\$	\$	\$	\$
Cash in hands of collectors and in transit	1,772,373,171	1,772,373,171	2,786,134,636	2,786,134,636
current year	541,268,509	541,268,509	300,622,982	300,622,982
receivables	309,284,000 231,984,509	293,000,000 834,268,509	309,284,000 609,906,982	293,000,000 7,622,982
Other cash—Consolidated Crown corporations (1)	191,630,000	83,799,000		107,831,000
Total	2,195,987,680	2,690,440,680	3,396,041,618	2,901,588,618

<sup>(1)</sup> Certain Crown corporations are part of the Government's reporting entity. Additional information is provided in Section 5 of this volume and in the audited financial statements (Section 2 of this volume).

## Cash in hands of collectors and in transit

This account records public moneys received by public officers prior to April 1, but not deposited to the credit of the Receiver General for Canada in the Bank of Canada, before that date.

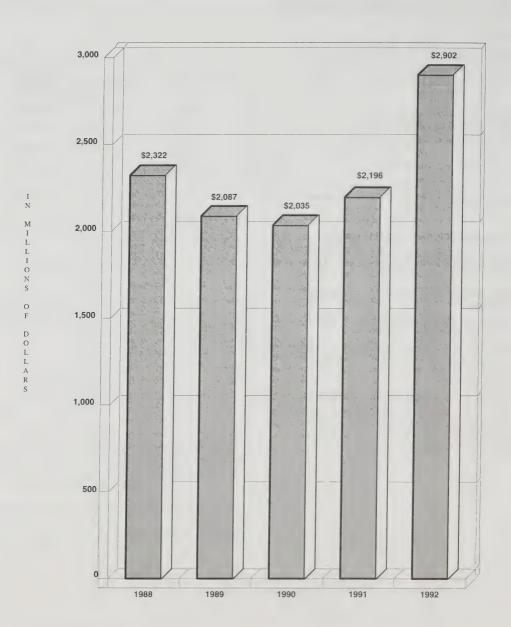
## Moneys received after March 31 but applicable to the current year

Public moneys received after March 31, but applicable to the year just ended, are recorded in this account.

This account includes receipts to be credited to asset, liability, (in exceptional cases) tax revenue accounts, where the omission of the credits in the old year would tend to make the accounting incomplete or inconsistent.

## Other cash—Consolidated Crown corporations

This account records the cash position of the consolidated Crown corporations. These funds are not public moneys to the credit of the Receiver General for Canada but are for the exclusive use of these Crown corporations.



11.6 OTHER INFORMATION RELATED TO THE FINANCIAL STATEMENTS

## Cash

The Government's cash account represents public moneys on deposit at March 31, to the credit of the Receiver General for Canada, with the Bank of Canada, chartered banks and other financial institutions.

The cash position of the Government is affected not only by budgetary transactions, but also by non-budgetary, foreign exchange and unmatured debt transactions, all of which must be taken into account when considering the full scope of the Government's financial operations.

Table 11.5 presents a summary of the balances and related transactions in current and special Receiver General deposits. Chart C compares cash for the last five fiscal years.

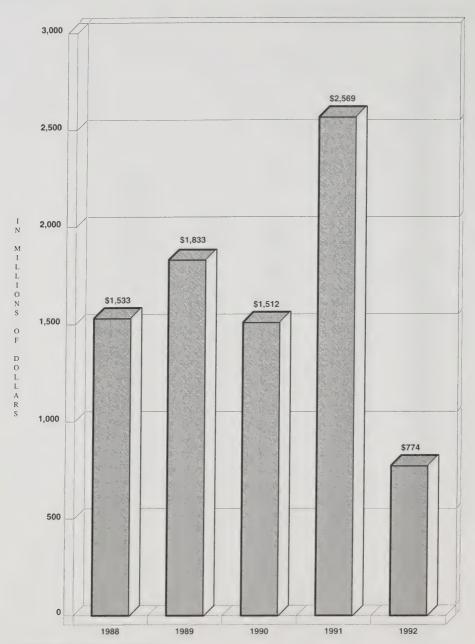
The year-end balances denominated in foreign currencies have been translated into Canadian dollar equivalents at year-end closing rates of exchange. Foreign currencies held include United Kingdom pounds sterling, United States dollars, Belgian, Swiss and French francs, and West German marks.

## **TABLE 11.5**

## **CASH**

	April 1/1991	Receipts	Disbursements	March 31/1992	
	\$	\$	\$	\$	
Receiver General—					
Current deposits—					
Canadian currency	2,459,273,271	624,432,264,963	626,214,488,071	677,050,163	
Foreign currencies	108,474,793	1,842,964,796	1,855,852,656	95,586,933	
Special deposits	1,077,930	389,917,244	389,631,953	1,363,221	
Fotal	2,568,825,994	626,665,147,003	628,459,972,680	774,000,317	

## CHART C CASH



11.8 OTHER INFORMATION RELATED TO THE FINANCIAL STATEMENTS

## Receiver General current deposits

The monthly balances of Canadian and foreign currency deposits for the last five years are presented in the following tables:

TABLE 11.6
CASH IN CANADIAN CURRENCY DEPOSITS (in millions of dollars)

At end of month of	Year ended March 31					
	1992	1991	1990	1989	1988	
April	3,041	1,458	821	865	7,268	
May	1,218	2,928	3,353	3,874	4,046	
June	360	1,675	2,636	2,348	615	
July	283	1,280	1,466	3,588	3,101	
August	1,206	1,555	3,112	3,021	1,814	
September	2,170	1,192	869	1,953	2,532	
October	2,906	2,130	1,064	5,028	5,624	
November	523	1,664	331	76	7,154	
December	2,903	3,958	2,658	3,083	2,942	
January	1,249	3,652	4,241	912	2,829	
February	37	2,012	2,981	988	2,654	
March	677	2,459	1,369	1,708	1,381	

TABLE 11.7
CASH IN FOREIGN CURRENCY DEPOSITS (translated into Canadian dollars)
(in millions of dollars)

At end of month of	Year ended March 31					
	1992	1991	1990	1989	1988	
April	29	57	51	110	74	
May	13	83	77	95	81	
June	16	113	79	99	111	
July	44	92	84	97	106	
August	23	83	55	80	83	
September	14	77	65	91	72	
October	20	85	51	116	70	
November	11	61	80	50	79	
December	31	74	40	40	87	
January	28	56	73	61	107	
February	14	72	84	151	78	
March	96	108	120	101	136	

## Receiver General special deposits

These are balances in the hands of fiscal agents of the Government, for the purchase or redemption of Government securities, and for the payment of interest.

## **Accumulated Deficit**

The accumulated deficit is the account recording the net sum of annual deficits and surpluses of the Government of Canada since Confederation, together with certain amounts charged or credited directly to this account. The accumulated deficit is also equal to the excess of recorded liabilities over total financial assets.

A Statement of Accumulated Deficit is published in Section 2 of this volume.

Table 11.8 presents a five year comparative statement of the accumulated deficit, in terms of total liabilities and total financial assets. Chart D compares the accumulated deficit in terms of total liabilities and total financial assets for the last five fiscal years.

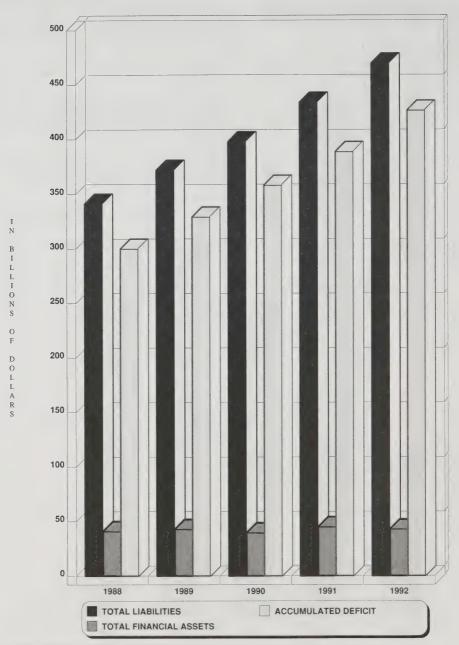
## **TABLE 11.8**

STATEMENT OF ACCUMULATED DEFICIT IN TERMS OF TOTAL LIABILITIES AND TOTAL FINANCIAL ASSETS

(in millions of dollars)

As at March 31		Less:	Accumulated deficit		
	Total liabilities	total financial assets	Amount	Increase or decrease (-)	
1992	466,690	43.618	423.072	34,643	
1991	433,932	45,503	388,429	30,618	
1990	398,036	40,225	357,811	28,996	
1989	372,147	43,332	328,815	28,951	
1988	341,132	41,268	299,864	28,201	

CHART D
ACCUMULATED DEFICIT



11.10 OTHER INFORMATION RELATED TO THE FINANCIAL STATEMENTS

## OTHER INFORMATION

## **Contractual Commitments**

A contractual commitment represents a written obligation to outside organizations or individuals as a result of a contract. The nature of the Government's activities requires it to enter into contracts that are significant in relation to its current financial position or that will materially affect the level of future expenditure. Major capital assets of the Government are either purchased outright or leased. Where a lease transfers substantially all of the benefits and risks incidental to ownership of the property to the lessee, it is considered a capital lease. All other leases are classified as operating leases. Contractual commitments can be classified into four categories: fixed assets, purchases, operating leases and capital leases.

All outstanding contractual commitments of \$100 million or more per project at year end are reported in the case of fixed assets, purchases and operating leases. In the case of capital leases, all capital lease arrangements with total minimum lease payments remaining at year end in excess of \$1 million per contract are reported.

In accordance with the Government's significant accounting policies, the contractual commitments of consolidated Crown corporations are included with those of the Government.

## Fixed assets, purchases and operating leases

Table 11.9 provides details of contractual commitments that involve fixed assets, operating leases and purchases. It discloses individual contractual commitments by category and by entity. Contractual commitments are summarized in Note 14 to the audited financial statements in Section 2 of this volume.

Fixed assets are tangible, durable items of value, including major additions or alterations thereto and including military equipment, from which benefits are expected to be derived during their useful life and including land.

Purchase commitments are commitments supported by a contract to supply goods or services. An operating lease is a lease in which the lessor does not substantially transfer all the benefits and risks incident to ownership of property.

**TABLE 11.9** 

# FIXED ASSETS, PURCHASES AND OPERATING LEASES AS AT MARCH 31, 1992

(in millions of dollars)

					Οι	utstanding com	mitment to b	e disbursed	by March 3	31
	Total estimated cost	Amount contracted	Amount disbursed	Outstanding commitment	1993	1994	1995	1996	1997	1998 and subse- quently
Fixed assets— National Defence— Tribal Class Update and Modernization Pro-										
gram—Warships Arctic and maritime surveillance	1,705	1,705	1,285	420	98	147	123	52		
aircraft	1,076	890	567	323	135	141	31	16		
Program—Warships North American Air Defence Modernization— Land, buildings, radar sites and communications	9,724	7,429	5,841	1,588	552	483	336	198	19	
equipment Light trucks and	1,199	979	804	175	120	51	4			
associated support .	206	206		206	20	66	120			

**TABLE 11.9** 

# FIXED ASSETS, PURCHASES AND OPERATING LEASES AS AT MARCH 31, 1992—Concluded

(in millions of dollars)

					O	utstanding con	nmitment to b	e disbursed	by March 3	3.1
	Total estimated cost	Amount contracted	Amount disbursed	Outstanding commitment	1993	1994	1995	1996	1997	1998 and subse- quently
National Revenue—Taxation Computers Transport— Automated flight data processing	150	14	14							
and display systems	659	411	96	315	51	99	105	35	25	
Sub total	14,719	11,634	8,607	3,027	976	987	719	301	44	
Consolidated Crown corporations— VIA Rail Canada Inc Land maintenance	183	183	3	180	1	1	2	2	2	172
Sub total	183	183	3	180	1	1	2	2	2	172
Total fixed assets	14,902	11,817	8,610	3,207	977	988	721	303	46	172
Purchases — Industry, Science and Technology— Canadian Space Agency— Radarsat Project Mobile Servicing System National Defence— Ammunition	193 206 1,886	193 206 1,886	83 200 1,746	109 6 140	84 1 114	25 5 9	9	8		
Sub total	2,285	2,285	2,029	255	199	39	9	8		
Consolidated Crown corporations— Canadian Broadcasting Corporation— N.H.L. Sports rights	102			102	41	44	17			
Sub total	102			102	41	44	17			
Total purchases	2,387	2,285	2,029	357	240	83	26	8		
Operating leases— Public Works Tower C, Place de Ville, Ottawa	126	126	8	118	18	18	18	18	18	28
Total operating leases	126	126	8	118	18	18	18	18	18	28
Total	17,415	14,228	10,647	3,682	1,235	1,089	765	329	64	200

## **Capital Leases**

Table 11.10 provides details of commitments under capital lease arrangements which are summarized in Note 14 to the audited financial statements in Section 2 of this volume. A capital lease is a lease that, from the point of view of the Government, transfers substantially all the benefits and risks incident to ownership of the asset to the Government. Table 11.11 presents commitments under capital lease arrangements in order of maturity. There were no purchase options exercised during the year.

TABLE 11.10

COMMITMENTS UNDER CAPITAL LEASE ARRANGEMENTS (in thousands of dollars)

				Total			Balances at M	larch 31, 199	92
Department and agency identification of capital lease	Inception date	Lease term in years	Fair value of leased property at inception	estimated minimum lease payments, full term (excluding executory costs)	Implicit interest rate (%)	Total estimate remainii mini- mum lease paymen	interest, using the implicit interest	Less: executory costs	Net commit ments under capital lease arrange- ments
Communications— National Film Board									
Vax System 3600	March 9, 1989	5	1,515	1,637	9.5	588	26		562
Industry, Science and Technology— Computers	Sept 6, 1990	3	1,838	2,031	5.0	1,112	71		1,041
National Revenue—Taxation—  Cartridge library	Aug 17, 1989	5	1,934	3,574	20.8	2,133	648		1,485
Public Works—									
Guy Favreau Building, Montréal	Dec 1,1983	35	87,600	422,950	12.6 <sup>(2)</sup>	329,417	242,906		86,511
240 Sparks St, Ottawa	Jan 1, 1979	35	63,703	213,500	9.1 <sup>(2)</sup>	132,675	75,832		56,843
L'Esplanade Laurier, Ottawa	July 1, 1975	35	60,374	222,715	9.4 <sup>(2)</sup>	124,744	71,705		53,039
Place du Centre, Hull	Dec 1, 1977	30	26,201	96,600	11.2(2)	53,314	30,434		22,880
Terrasses de la Chaudière, Hull Cornwall, Government of Canada	July 1, 1977	35	146,084	637,380	11.4 <sup>(2)</sup>	391,623	256,103		135,520
Building (GOCB)	Dec 1, 1984	35	9,600	49,420	14.6(2)	39,066	29,608		9,458
Scarborough (GOCB)	Dec 1, 1984	35	38,900	191,965	13.2(2)	153,841	115,502		38,339
Chatham (GOCB)	June 1, 1985	35	4,940	20,783	11.8(2)	16,733	11,908		4,825
Place Vincent Massey, Hull	Aug 1, 1986	25	23,439	78,627	13.08(2)	60,802	37,806		22,996
Canada Place, Edmonton	Oct 1, 1988	35	105,000	438,865	11.7(2)	394,979	291,035		103,944
Louis Saint-Laurent, Hull	Aug 1, 1991	25	73,000	223,897	10.8	218,354	146,524		71,830
			638,84(1)	2,596,702	1	,915,548	1,309,363		606,185
Sub total			644,128	2,603,944	1	,919,381	1,310,108		609,273
Consolidated Crown Corporation—  Canadian Broadcasting Corporation—									
Computer	July 1, 1990	4	1,355	1,972	7.4	1,166	175		991
Fotal			645,483	2,605,916	1	,920,547	1,310,283		610,264

(1) Estimated fair value.

<sup>(2)</sup> Lessors'/Lessees' financing rate per lease agreement is subject to change over term of lease.

## **TABLE 11.11**

## COMMITMENTS UNDER CAPITAL LEASE ARRANGEMENTS IN ORDER OF MATURITY

(in thousands of dollars)

						Payr	nents due	in				
Department and agency	1993	1994	1995	1996	1997	1998 to 2002	2003 to 2007	2008 to 2012	2013 to 2017	2018 to 2022	2023 to 2027	Total
Communications—National Film Board— Remaining payments Imputed interest	294 26	294										588
Net commitments	268	294										562
Industry, Science and Technology— Remaining payments Imputed interest	613	499 12				1800 (c) - Anto A 180 (c) - 180 (d)						1,112 71
Net commitments	554	487										1,041
National Revenue—Taxation— Remaining payments	541 308	541 279	1,051 61									2,133 648
Net commitments	233	262	990									1,485
Public Works—  Remaining payments  Imputed interest	74,111 69,179	74,111 68,644	74,111 68,050	67,390	74,111 66,658	370,555 319,131		355,508 212,894	275,012 113,355	140,927 39,032		1,915,548 1,309,363
Net commitments	4,932	5,467	6,061	6,721	7,453	51,424	101,570	142,614	161,657	101,895	16,391	606,185
Consolidated Crown Corporation— Canadian Broadcasting Corporation— Remaining payments Imputed interest	269 88	269 73	628 14									1,166 175
Net commitments	181	196	614									991
Summary Remaining payments	75,828 69,660		75,790 68,125	74,111 67,390		370,555 319,131	384,182 282,612	355,508 212,894	275,012 113,355	140,927 39,032		1,920,547 1,310,283
Net commitments	6,168	6,706	7,665	6,721	7,453	51,424	101,570	142,614	161,657	101,895	16,391	610,264

## **Insurance Programs of Agent Enterprise Crown Corporations**

At present, three Crown corporations operate insurance programs as agents of Her Majesty. An insurance program is a program where the insured, an outside party, pays an insurance fee which is credited to an insurance fund or provision operated by the corporation. The amount of the fee is based on the estimated amount of insurance fund or provision needed to meet future claims. Insurance programs operated by private corporations such as employee group insurance, dental plans, etc. are not included in this definition.

The insurance programs are intended to operate on a self-sustaining basis but in recent years, two of the Crown corporations have required loans or other funding from the Government to meet obligations.

Information presented in Table 11.12 has not been audited since the information presented therein is derived from interim financial statements. The most recent annual financial statements of these corporations may be found in the "President of the Treasury Board's Annual Report to Parliament on Crown Corporations and Other Corporate Interests of Canada". Insurance programs of agent Crown corporations are summarized in Note 15 to the audited finacial statements in Section 2 of this volume.

In Table 11.12, a minus "-" sign preceding the amount reported indicates a fund deficit, an expense recovery or adjustment, or a decrease or loss during the year.

## **TABLE 11.12**

## SUMMARY OF INSURANCE PROGRAMS OF AGENT ENTERPRISE CROWN CORPORATIONS FOR THE YEAR ENDED MARCH 31, 1992

(in millions of dollars)

		Canada Deposit Insurance Corporation <sup>(1)</sup>											Export Development Corporation <sup>(3)</sup>	
			Insu	gage rance ind	Mortgage Secur Guarante	ities	Ho Improv Loan	ement	Rent Guara Fun	itee				
	1991-92	1990-91	1991-92	1990-91	1991-92	1990-91	1991-92	1990-91	1991-92	1990-91	1991-92	1990-91		
Insurance in force as at reporting date	302,335	291,400	62,352	53,680	8,258	5,459	(4)	(4)	N/A	N/A	5,512	4,999		
Opening balance of Fund	-679	-888	187	83	4	1	1	1	17	16	48	47		
Revenue for the year— Premiums and fees Investment income Other revenue	290 7 9	271 3 12	192 114 4	190 98 1	3 1 1	2 1 1			1 1	1 1	32	23		
Total revenue	306	286	310	289	5	4	(4)	(4)	2	2	33	23		
Expense for the year— Loss on claims Interest on loans Administrative Funds returned to Government	61 174 27	-79 144 12	265 78 55	108 77	3	1			1	1	-8	21		
Total expense	262	77	398	185	3	1	(4)	(4)	1	1	-8	22		
Net income/loss (-) for the year	44	209	-88	104	2	3	(4)	(4)	1	1	41	1		
Closing balance of Fund	-635	-679	99	187	6	4	1	1	18	17	89	48		
Net claims during the year <sup>(5)</sup>	687	-60	100	33	N/A	N/A	(4)	(4)	N/A	N/A	2	3		
Five year average of net claims paid	252	117	11	-15	N/A	N/A	(4)	(4)	N/A	N/A	6	5		

N/A—Not applicable.

A—Not applicable.

The Canada Deposit Insurance Corporation (CDIC) provides insurance on deposits placed with member banks and trust and loan companies for up to \$60,000 per depositor, per institution. In recent years, premiums paid by member institutions have not been sufficient to meet obligations incurred by CDIC under the insurance plan. This deficiency has been funded, in part, by loans from the Government of \$1,785 million at March \$1,1992 (\$1,225 million at March \$1,1991). The Government is continuing to explore alternatives to allow CDIC, over the long run, to eliminate its deficiency without budgetary support from the Government. Since there is no continuing to explore alternatives to allow CDIC, over the long run, to eliminate its deficiency without budgetary support from the Government. Since there is no continuing to explore alternatives to allow CDIC, over the long run, to eliminate its deficiency without budgetary support from the Government. Since there is no continuing the secondary and the Mortgage lands of the Mortgage there is no continuing the secondary market trading of mortgage sector lending institutions to ever mortgage lending on Canadian housing. Besides establishing a framework of confidence for mortgage lending by private institutions, the Fund facilitates an adequate supply of mortgage lending of mortgage set to make housing more accessible for Canadians. An actuarial study of the MIP as of September 30, 1991 disclosed that the Fund is more than sufficient to pay all future claims with respect to business in force. The surplus as at September 30, 1991 disclosed that the Fund is more than sufficient to pay all future claims with respect to business in force. The surplus as at September 30, 1991 was estimated to be \$176.7 million. The Mortgage-Backed Securities (MBS) program was implemented in 1987. For a fee paid by approved financial institutions, CMHC and ultimately the Government, guarantee timely payment of principal and interest to MBS investors who participate in a pool of MIP

## **Contingent Liabilities**

A contingent liability is a potential liability which may become an actual liability when one or more future events occur or fail to occur.

For the purpose of reporting contingent liabilities, the Government of Canada is defined as all organizations which are accountable for the administration of their affairs and resources either to a Minister of the Government or directly to Parliament, and which are owned or controlled by the Government. Except for Government enterprises, all Government organizations are accounted in the financial statements by consolidation. Government enterprises are accounted for by the cost method and are defined to be those corporate organizations that sell goods and services to individuals and non-government organizations as their principal activity, and are not appropriation-dependent.

Consequently, the contingent liabilities of consolidated Crown corporations are included with those of the Government in Table 11.13 but in summary form only. For further details of contingent liabilities of consolidated Crown corporations, refer to Table 5.4—"Contingent Liabilities of Consolidated Crown Corporations". Particulars of contingent liabilities of enterprise

Crown corporations are not consolidated with those of the Government but details of these contingencies may be found in Table 6.10—"Contingent Liabilities of Enterprise Crown Corporations". Some Crown corporations also operate insurance programs. Information regarding these insurance programs can be found in Table 11.12 of this section.

The contingent liabilities of the Government comprise explicit guarantees by the Government, which include borrowings by other than Crown corporations, both from agent Crown corporations and from other than agents. Such explicit guarantees consist of guarantee programs of the Government, explicit guarantees by the Government for loans, financial arrangements and other potential liabilities, insurance programs of the Government and other explicit guarantees. They also comprise potential losses arising from pending and threatened litigation relating to claims and assessments in respect of breach of contract, damages to persons and property, and like items. Pending and threatened litigation is reported in total as are the contingent liabilities of consolidated Crown corporations in the following table. This table is also summarized in Note 16 to the audited financial statements of the Government in Section 2 of this volume.

TABLE 11.13 STATEMENT OF CONTINGENT LIABILITIES AS AT MARCH 31, 1992

	Authorized limit (where applicable) <sup>(1)</sup>	Contingent liability <sup>(2)</sup>	Percentage of net claims to outstanding guarantees (where applicable) <sup>(3)</sup>
	\$	\$	%
EXPLICIT GUARANTEES BY THE GOVERNMENT OF—			
Borrowings by Crown corporations which are not agents of Her Majesty-			
Canadian National Railway Company—Bonds and notes	130,500	130,500	
Borrowings by other than Crown corporations—			
From agents—			
Loans to Indians by the Canada Mortgage and Housing Corporation		(4)	
and the Farm Credit Corporation, for on-reserve housing	1,000,000,000	70,417,833 <sup>(4)</sup>	4.2
From other than agents—			
Guarantee programs of the Government—			
Canada Student Loans Act	7,603,323,375	3,361,755,018	2.5
Small Businesses Loans Act	1,073,571,012 (5)	483,001,306	6.2
Atlantic Enterprise Program	211,993,369	211,993,369 (6)	4.4
Advance Payments for Crops Act	400,000,000	145,634,586	0.2
Farm Improvement Loans Act and Farm Improvement and	301,039,385 <sup>(5)</sup>	120 000 024	1.0
Marketing Cooperatives Loans Act		139,888,034	1.0
Enterprise development program and Canadian Industrial Renewal Board	909,751,689 6,946,250 <sup>(5)</sup>	9,820,252 (7)	8.8
Fisheries Improvement Loans Act	20,304,075	4,755,116 2,476,374	4.1
Regional Development Incentives Act  Loans to Indians by approved lenders for on-reserve housing	20,304,073	621,770,979 (4)	60.3 0.1
Financial obligations incurred by air carriers regarding purchase of		021,770,979	0.1
The de Havilland Aircraft of Canada. Limited DHC-7 and DHC-8 aircraft	922,300,000 (9)	504,967,960 (9)	1.9
Indian economic development	33,808,675 (10)	3.807.689 (4)	6.5
Aboriginal Economic Program	3.650.000	3,102,500	0.5
Toolighia Economic Hogiani IIIIIIIIIIIIIIIIIIIIIIIIIIIIIIIIIII	11,486,687,830	5.492.973.183	

## **TABLE 11.13**

# STATEMENT OF CONTINGENT LIABILITIES AS AT MARCH 31, 1992—Continued

Other explicit loan guarantees— Loans to NewGrade Energy Inc to finance construction of a heavy oil upgrader. Loans to NewGrade Energy Inc to finance construction of a heavy oil upgrader. Loans to construct coal handling and terminal facilities by Ridley Terminals Inc. Loans to Marine Industries Limited for acquisition of assets. S5,000,000 Loans to Marine Industries Limited for acquisition of assets. S5,000,000 Loans to Marine Industries Limited for acquisition of assets. S5,000,000 Loans for the financing of Maislin Industries Ltd. T,894,942 (9) Loan to Seafreez Food Limited for acquisition of assets. S0,000,000 Loans for the financing of Cheticamp Fishermen's Co-operative Society Ltd. S98,254,942 Insurance programs of the Government—(12) Insurance against accidents at nuclear installations under the Nuclear Liability Act (13) Insurance under the Fishing Vessel Insurance Plan (14) Accounts administered for the Government by the Export Development Corporation—Insurance and related guarantees T,000,000,000 (15) T,700,393,816 Other explicit guarantees—(16) Guarantees under the Prairie Grain Advance Payments Act Contribution of up to 25% of eligible construction costs under the Hibernia Development Project Act Loans (150,000,000 Guarantees under the Agricultural Products Cooperative Marketing Act Guarantees under the Agricultural Products Cooperative Marketing Act Guarantees under the City of Toronto of payment by H&D International Group of 25% of the estimated cost of a pedestrian bridge connecting Skydome Stadium to Harbourfront Corporation property Total explicit guarantees  Total explicit guarantees  22,453,467,088	Contingent liability <sup>(2)</sup>	Percentage of net claims to outstanding guarantees (where applicable) <sup>(3)</sup>
Loans to NewGrade Energy Inc to finance construction of a heavy oil upgrader 275,000,000  Loans to construct coal handling and terminal facilities by Ridley Terminals Inc 230,000,000  Loans to Marine Industries Limited for acquisition of assets 55,000,000  Loans to Marine Industries Limited for acquisition of assets 55,000,000  Loans for the restructuring of Maislin Industries Ltd 7,894,942 (9)  Loans for the restructuring of Maislin Industries Ltd 7,894,942 (9)  Loans for the financing of Cheticamp Fishermen's 5  Co-operative Society Ltd 598,254,942  Insurance programs of the Government—(12)  Insurance programs of the Government —(12)  Insurance against accidents at nuclear installations under the Nuclear Liability Act <sup>(13)</sup> 598,254,942  Insurance under the Fishing Vessel Insurance Plan (14) 25,393,816  Accounts administered for the Government by the Export 25,393,816  Accounts administered for the Government by the Export 57,700,393,816  Other explicit guarantees—(16)  Guarantees under the Prairie Grain Advance Payments Act Contribution of up to 25% of eligible construction costs under the Hibernia Development Project Act 1,666,000,000  Guarantee of electricity sales by Yukon Energy Corporation to Curragh Resources Inc. 1,500,000  Guarantee of the City of Toronto of payment by H&D International Group of 25% of the estimated cost of a pedestrian bridge connecting Skydome Stadium to Harbourfront Corporation property 500,000  1,668,000,000	\$	%
Loans to construct coal handling and terminal facilities by Ridley Terminals Inc Loans to Marine Industries Limited for acquisition of assets Loan to St Marys Paper Inc to modernize and expand a paper making facility at Sault Ste Marie. Ontario Loans for the restructuring of Maisin Industries Ltd Loans for the restructuring of Maisin Industries Ltd Loans for the financing of Cheticamp Fishermen's Co-operative Society Ltd Society S		
by Ridley Terminals Inc Loans to Marine Industries Limited for acquisition of assets Loan to St Marys Paper Inc to modernize and expand a paper making facility at Sault Ste Marie. Ontario Loans for the restructuring of Maislin Industries Ltd T,894,942 Loan to Seafreez Food Limited for acquisition of assets 15,000,000 Loans for the financing of Cheticamp Fishermen's Co-operative Society Ltd 360,000 Seafreez Food Limited for acquisition of assets 15,000,000 Loans for the financing of Cheticamp Fishermen's Co-operative Society Ltd 598,254,942 Insurance programs of the Government— Insurance against accidents at nuclear installations under the Nuclear Liability Act <sup>(15)</sup> Insurance ander the Fishing Vessel Insurance Plan <sup>(14)</sup> Accounts administered for the Government by the Export Development Corporation—Insurance and related guarantees T,000,000,000 Tother explicit guarantees— (16) Guarantees under the Prairie Grain Advance Payments Act Contribution of up to 25% of eligible construction costs under the Hibernia Development Project Act Guarantees under the Agricultural Products Cooperative Marketing Act Guarantees under the Agricultural Products Cooperative Marketing Act Guarantees under the Agricultural Products Cooperative Marketing Act Guarantee of electricity sales by Yukon Energy Corporation to Curragh Resources Inc Guarantee to the City of Toronto of payment by H&D International Group of 25% of the estimated cost of a pedestrian bridge connecting Skydome Stadium to Harbourfront Corporation property 500,000 1,668,000,000	273,229,006	
Loan to St Marys Paper Inc to modernize and expand a paper making facility at Sault Ste Marie, Ontario	199,500,000	
making facility at Sault Ste Marie. Ontario	40,000,000	
Loan to Seafreez Food Limited for acquisition of assets 15,000,000  Loans for the financing of Cheticamp Fishermen's 360,000  Some of the financing of Cheticamp Fishermen's 360,000  Insurance programs of the Government—(12)  Insurance against accidents at nuclear installations under the Nuclear Liability Act (13) 675,000,000  Insurance under the Fishing Vessel Insurance Plan (14) 25,393,816  Accounts administered for the Government by the Export 7,000,000,000 (15)  Development Corporation—Insurance and related guarantees 7,000,000,000 (15)  Other explicit guarantees—(16)  Guarantees under the Prairie Grain Advance Payments Act  Contribution of up to 25% of eligible construction costs under the Hibernia Development Project Act 1,666,000,000  Guarantees under the Agricultural Products Cooperative Marketing Act Guarantee of electricity sales by Yukon Energy Corporation to  Curragh Resources Inc 1,500,000  Guarantee to the City of Toronto of payment by H&D International Group of 25% of the estimated cost of a pedestrian bridge connecting Skydome Stadium to Harbourfront Corporation property 500,000  1,668,000,000	15,000,000 7,894,942 <sup>(9)(11)</sup>	
Co-operative Society Ltd 360,000  598,254,942  Insurance programs of the Government—(12)  Insurance against accidents at nuclear installations under the Nuclear Liability Act (13) 675,000,000  Insurance under the Fishing Vessel Insurance Plan (14) 25,393,816  Accounts administered for the Government by the Export 25,393,816  Other explicit guarantees—(16) 7,700,393,816  Other explicit gu	5,100,000	
Insurance programs of the Government—(12)  Insurance against accidents at nuclear installations under the Nuclear Liability Act <sup>(13)</sup> .  Insurance against accidents at nuclear installations under the Nuclear Liability Act <sup>(13)</sup> .  Insurance under the Fishing Vessel Insurance Plan <sup>(14)</sup> .  25,393,816  Accounts administered for the Government by the Export  Development Corporation—Insurance and related guarantees 7,000,000,000 (15)  7,700,393,816  Other explicit guarantees—(16)  Guarantees under the Prairie Grain Advance Payments Act  Contribution of up to 25% of eligible construction costs under the Hibernia Development Project Act  Guarantees under the Agricultural Products Cooperative Marketing Act  Guarantee of electricity sales by Yukon Energy Corporation to  Curragh Resources Inc  Guarantee to the City of Toronto of payment by H&D International  Group of 25% of the estimated cost of a pedestrian bridge connecting Skydome Stadium to Harbourfront Corporation property 500,000  1,668,000,000	65,045	
Insurance against accidents at nuclear installations under the Nuclear Liability Act <sup>(13)</sup> . 675,000,000 Insurance under the Fishing Vessel Insurance Plan <sup>(14)</sup> . 25,393,816 Accounts administered for the Government by the Export Development Corporation—Insurance and related guarantees 7,000,000,000 (15) Other explicit guarantees—(16) Guarantees under the Prairie Grain Advance Payments Act Contribution of up to 25% of eligible construction costs under the Hibernia Development Project Act Guarantees under the Agricultural Products Cooperative Marketing Act Guarantees of electricity sales by Yukon Energy Corporation to Curragh Resources Inc Guarantee to the City of Toronto of payment by H&D International Group of 25% of the estimated cost of a pedestrian bridge connecting Skydome Stadium to Harbourfront Corporation property 500,000 1,668,000,000	540,788,993	
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Development Corporation—Insurance and related guarantees 7,000,000,000 (15) 7,700,393,816  Other explicit guarantees—(16)  Guarantees under the Prairie Grain Advance Payments Act .  Contribution of up to 25% of eligible construction costs under the Hibernia Development Project Act 1,666,000,000  Guarantees under the Agricultural Products Cooperative Marketing Act Guarantee of electricity sales by Yukon Energy Corporation to Curragh Resources Inc 1,500,000  Guarantee to the City of Toronto of payment by H&D International Group of 25% of the estimated cost of a pedestrian bridge connecting Skydome Stadium to Harbourfront Corporation property 500,000 1,668,000,000	264,384,000	
Other explicit guarantees—(16) Guarantees under the Prairie Grain Advance Payments Act Contribution of up to 25% of eligible construction costs under the Hibernia Development Project Act Guarantees under the Agricultural Products Cooperative Marketing Act Guarantee of electricity sales by Yukon Energy Corporation to Curragh Resources Inc Urragh Resources Inc J,500,000 Guarantee to the City of Toronto of payment by H&D International Group of 25% of the estimated cost of a pedestrian bridge connecting Skydome Stadium to Harbourfront Corporation property J,500,000 J,668,000,000	132,000,000	
Other explicit guarantees	1.060,346,979	
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Contribution of up to 25% of eligible construction costs under the Hibernia Development Project Act.  Guarantees under the Agricultural Products Cooperative Marketing Act  Guarantee of electricity sales by Yukon Energy Corporation to  Curragh Resources Inc. 1,500,000  Guarantee to the City of Toronto of payment by H&D International  Group of 25% of the estimated cost of a pedestrian bridge connecting Skydome Stadium to Harbourfront Corporation property 500,000  1,668,000,000	673,337,440	(17)
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Guarantees under the Agricultural Products Cooperative Marketing Act Guarantee of electricity sales by Yukon Energy Corporation to Curragh Resources Inc Guarantee to the City of Toronto of payment by H&D International Group of 25% of the estimated cost of a pedestrian bridge connecting Skydome Stadium to Harbourfront Corporation property  500,000 1,668,000,000	101,499,000	
Guarantee of electricity sales by Yukon Energy Corporation to  Curragh Resources Inc  Guarantee to the City of Toronto of payment by H&D International  Group of 25% of the estimated cost of a pedestrian  bridge connecting Skydome Stadium to Harbourfront Corporation property  1,500,000  1,668,000,000		2.2
Curragh Resources Inc 1,500,000 Guarantee to the City of Toronto of payment by H&D International Group of 25% of the estimated cost of a pedestrian bridge connecting Skydome Stadium to Harbourfront Corporation property 500,000 1,668,000,000	47,484,687	2.3
Guarantee to the City of Toronto of payment by H&D International Group of 25% of the estimated cost of a pedestrian bridge connecting Skydome Stadium to Harbourfront Corporation property	1,500,000 (18)	
bridge connecting Skydome Stadium to Harbourfront Corporation property	1,500,000	
1,668,000,000	500.000	
Total explicit guarantees 22 453 467 088	500,000 824,321,127	
22,403,407,000	7,988,978,615	
	16,179,940,595 <sup>(9)(19)</sup> 1,956,807,142 <sup>(20)</sup>	
Sub total <sup>(21)</sup>	26,125,726,352	
CONTINGENT LIABILITIES OF CONSOLIDATED CROWN CORPORATIONS	100,031,000 (22)	
Total	26,225,757,352	

The authorized limits indicated in the above statement, represent the aggregate total of various types of authorities of Government bodies as stipulated in legislation, legal agreements or other documents that may be in force at any one time.

(2) A contingent liability is a potential liability which may become an actual liability when one or more future events occur or fail to occur.

(4) Includes committed guarantees for the following loans to be made: to Indians for on-reserve housing, \$94,951,524 and for Indian economic development, \$473,802.

As at March 31, 1992, no loans had been issued for these amounts.

The Act places limits on the maximum amount of guarantee for loans made by eligible lenders over different loan periods. The maximum amount of guarantee by lender is expressed in legislation as a percentage of aggregate loans made to qualified borrowers and varies according to the dollar value range of aggregate loans made by the lender. The authorized limits for given loan periods are included in the figure reported until all qualified loans made by all eligible lenders in the given periods are no longer outstanding, and are not adjusted for loan repayments nor payments made by the Government for guaranteed amounts in which default has occurred.

of longer outstanding, and are not adjusted for loan repayments made by the Government for guaranteed amounts in which default has occurred.

The Atlantic Enterprise Program offers loan insurance on new term loans for the establishment, expansion or modernization of commercial operations in eligible sectors in the Atlantic provinces where the Program is administered by the Atlantic Canada Opportunities Agency (\$106,416,975 as at March 31,1992) and in the Gaspé Peninsula and Magdalene Islands of Québec where administration of the Program is the responsibility of the Federal Office of Regional Development (Quebec) (\$7,944,544 as at March 31, 1992). Industry, Science and Technology has responsibility for all capital projects in excess of \$20 million in the Atlantic provinces (\$97,631,850 as at March 31, 1992).

Includes \$62,034 attributable to the Canadian Industrial Renewal Board.

(8) The authorized limit for loan guarantees for on-reserve housing totals \$1 billion (as shown above) for loans made by the Canada Mortgage and Housing Corporation, the Farm Credit Corporation and other approved lenders.

(9) Amount denominated wholly or partially in a foreign currency and translated at the closing rate of exchange as at date of the statement.

Represents the average percentage over the most recent 5 years of net claims to the average amount of outstanding guarantees for the same period computed as at March 31, 1992. In some situations, where historical data is not readily available, departmental estimates have been used.

## **TABLE 11.13**

## STATEMENT OF CONTINGENT LIABILITIES AS AT MARCH 31, 1992—Concluded

(10) The maximum aggregate amount that may be paid or that may have been paid from the Consolidated Revenue Fund (CRF) relative to Indian economic development in previous, current or subsequent years, with respect to all guarantees authorized and granted, is set at \$60 million. As at March 31, 1992, \$26, 191, 326 has been expended from the CRF leaving a balance of \$33,808,674 available for disbursement.

Maislin Industries Ltd was placed in receivership on July 11, 1983 and was declared bankrupt on October 19, 1983. To date, the Government has made interim payments

totalling \$20,361,132 US to creditors under a guarantee in the amount of \$27,000,000 US. It is anticipated that the Government will be called upon to make further payments to settle remaining obligations to creditors when certain issues are settled in US Federal Court, however the amount cannot be determined at present with any certainty

certainty.

Since 1984, the Canada Mortgage and Housing Corporation (CMHC) has operated the Mortgage Rate Protection Program on behalf of the Government. In return for payment of a premium, CMHC will reimburse homeowners 75% of any increase in monthly mortgage payments, above a deductible, due to higher interest rates at the time of mortgage increase. As recent mortgage interest rates have been relatively stable, the Program is not widely utilized and loans covered by the Program at March 31, 1992 amounted to only \$911,000 (\$911,000 at March 31, 1991). Premiums collected by CMHC are remitted directly to the Consolidated Revenue Fund (CRF) and obligations are ultimately payable from the CRF. Because of the nature of the Program, it is not possible to estimate the amounts, if any, that might be payable at some future date

There have been no claims under the Nuclear Liability Act since its inception in 1970. The Act covers 9 Canadian nuclear installations as at March 31, 1992. The Fishing Vessel Insurance Plan is administered by the Government to assist fishermen in meeting abnormal capital losses. A consolidated specified purpose account

is credited with all amounts received by way of premiums, recoveries and with advances in accordance with regulations by the Government, such advances not to exceed \$150,000 at any time. The account is debited with refunds of premiums and payments in settlement of third party vessel collision damage claims against fishermen, where the collision involves a vessel insured under the Plan. As at March 31, 1992, the insured value of vessels under the Plan amounted to \$264,384,000; the balance of the account was \$25,243,816 and outstanding claims against the Plan amounted to \$1,500,000.

(15) The Export Development Act specifies that Export Development Corporation may enter into contracts of insurance, re-insurance, related guarantees and other agreements up to a maximum of \$7 billion, the authorized limit.

A letter of comfort has been issued with respect to credit grain sales by The Canadian Wheat Board. The letter states that the Government will assume responsibility for the liabilities arising from defaults in payment by countries purchasing Canadian grain on credit. Receivables under this guarantee amounted to \$5.9 billion at March 31, 1992.

Less than 0.1%

The Government has agreed to pay Yukon Energy Corporation up to \$300,000 per year up to March 31, 1997 should electricity sales to Curragh Resources Inc. fall below specified limits.

Classified as follows:

(in mii	nons of donars)
a. alleged breach of written, verbal, statutory contracts including construction disputes	223
b. damage to property including loss of income	2,916
c. physical and mental injury including accidents, false imprisonment	191
d. expropriation and land claims	10,256
e. not otherwise classified, miscellaneous	2,616
Sub total	16,202
Less duplicated claims	22
Total	16,180

Included in (d.) above is \$9.2 billion, a major portion of which is related to native statutory and treaty obligations representing plaintiffs' claims in 96 litigation cases. There are another 152 similar cases for which amounts are not stated in the claims, and for which it is not possible to determine the amounts that may be ultimately payable. In addition, the Government has 416 cases, not yet in litigation, of which 63 cases representing plaintiffs' claims amounting to \$166 million are also included in (d.). The amounts involved for the remaining 353 claims cannot be determined at this time and no amount for such claims is shown.

The Government has 8 comprehensive native land claims under negotiation. A further 21 claims have been validated and are awaiting negotiation. Another 9 are under review. Of the 8 comprehensive claims, 3 are in the final stages of negotiation. Should the 3 claims be ratified, the Government would be liable to pay financial compensation over a number of years as follows

Council for Yukon Indians	(in millions of dollars)
Tungavik Federation of Nunavut Gwich'in	
Implementation costs	1,532 425
	1,957

In July 1990, the Dene Metis Association failed to ratify their claim in total. As a result, regional settlements were to be negotiated with five regions based on an overall total of \$504 million plus associated costs of \$212 million. The Gwich'in Region, the only one so far, reached a final agreement in April 1992 but this has yet to be ratified. The other four regional claims are included in Claims and Pending and Threatened Litigation under expropriation and land claims.

(21) Contingent gains. A contingent gain is a potential gain or possible recovery that may become an actuality when one or more future events occur or fail to occur. Three departments reported contingent gains as at March 31, 1992 totalling \$8.6 million.

In accordance with the Government's significant accounting policies, the contingent liabilities of Crown corporations that rely on Government funding as their principal source of revenue, are consolidated with those of the Government. See Table 5.4 of this volume for further details of contingent liabilities of consolidated Crown corporations.

# section 12

1991-92 PUBLIC ACCOUNTS

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